

**ACTION:** Notice.

**SUMMARY:** According to the provisions of section 10 of the Federal Advisory Committee Act (Pub. L. 92-463), notice is hereby given that an additional meeting of the Federal Prevailing Rate Advisory Committee will be held on Thursday, March 8, 2012.

The meeting will start at 10 a.m. and will be held in Room 5A06A, U.S. Office of Personnel Management Building, 1900 E Street NW., Washington, DC.

The Federal Prevailing Rate Advisory Committee is composed of a Chair, five representatives from labor unions holding exclusive bargaining rights for Federal blue-collar employees, and five representatives from Federal agencies. Entitlement to membership on the Committee is provided for in 5 U.S.C. 5347.

The Committee's primary responsibility is to review the Prevailing Rate System and other matters pertinent to establishing prevailing rates under subchapter IV, chapter 53, 5 U.S.C., as amended, and from time to time advise the U.S. Office of Personnel Management.

This scheduled meeting is open to the public with both labor and management representatives attending. During the meeting either the labor members or the management members may caucus separately to devise strategy and formulate positions. Premature disclosure of the matters discussed in these caucuses would unacceptably impair the ability of the Committee to reach a consensus on the matters being considered and would disrupt substantially the disposition of its business. Therefore, these caucuses will be closed to the public because of a determination made by the Director of the U.S. Office of Personnel Management under the provisions of section 10(d) of the Federal Advisory Committee Act (Pub. L. 92-463) and 5 U.S.C. 552b(c)(9)(B). These caucuses may, depending on the issues involved, constitute a substantial portion of a meeting.

Annually, the Chair compiles a report of pay issues discussed and concluded recommendations. These reports are available to the public, upon written request to the Committee.

The public is invited to submit material in writing to the Chair on Federal Wage System pay matters felt to be deserving of the Committee's attention. Additional information on these meetings may be obtained by contacting the Committee at U.S. Office of Personnel Management, Federal Prevailing Rate Advisory Committee,

Room 5H27, 1900 E Street NW., Washington, DC 20415, (202) 606-9400.

U.S. Office of Personnel Management.

**Sheldon Friedman,**

*Chairman, Federal Prevailing Rate Advisory Committee.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-66366; File No. SR-CHX-2011-34]

### Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Approving a Proposed Rule Change Regarding Suspension of a Participant's Trading Privileges on the Exchange

February 9, 2012.

#### I. Introduction

On December 16, 2011, the Chicago Stock Exchange, Inc. ("CHX" or the "Exchange") filed 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> a proposed rule change to permit any officer of the Exchange designated by the Chief Regulatory Officer ("CRO") to suspend the trading privileges of a Participant on the Exchange's facilities in certain circumstances. The proposed rule change was published for comment in the *Federal Register* on January 4, 2012.<sup>3</sup> The Commission received no comment letters on the proposal. This order approves the proposed rule change.

#### II. Description of the Proposal

The Exchange proposes to add Interpretation and Policy .01 to Article 13, Rule 2 (Emergency Suspension) to modify the Exchange's ability to suspend a Participant's trading privileges on the Exchange. Currently, Rule 2 authorizes the Exchange's CRO to suspend a Participant's membership with the Exchange or place other limitations on its activities if various circumstances occur, such as insolvency, failure to perform its contracts or obligations, expulsion or suspension by another self-regulatory organization, or where it reasonably appears that the Participant is violating and will continue to violate any

provision of the Exchange's rules or the federal securities laws. The Exchange proposes to permit any officer of the Exchange designated by the CRO to suspend the trading privileges of a Participant on the Exchange's facilities pursuant to the provisions of Rule 2 if a Qualified Clearing Agency refuses to act to clear and settle the trades of that Participant. The CRO must approve any such suspensions within two (2) days of the action. If the CRO does not approve the action taken, the suspension shall be immediately lifted as of the time of his or her decision or after the expiration of two days, whichever is earlier. Suspensions pursuant to these provisions, including the appeal thereof, otherwise would be governed by the provisions of Rule 2.

The Exchange also proposes to correct an oversight by eliminating a reference to the Chief Executive Officer in Section (c) of Rule 2 and replacing it with a reference to the CRO regarding appeals of suspensions under Rule 2.<sup>4</sup>

#### III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>5</sup> Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,<sup>6</sup> in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transaction in securities, to remove impediments and perfect the mechanisms of a free and open market, and, in general, to protect investors and the public interest. Specifically, the Commission believes that new Interpretation and Policy .01 to Rule 2 will help perfect the mechanisms of a free and open market by providing the Exchange with more flexibility regarding who can suspend the trading privileges of a Participant when a Qualified Clearing Agency refuses to clear and settle the trades of that Participant. Such flexibility should enable the Exchange to take timely action to prevent the execution of trades on the Exchange's facilities by a Participant when a Qualified Clearing

<sup>4</sup> The Exchange stated that it believes that the continued reference to the Chief Executive Officer in Rule 2(c) represents an oversight in a 2006 amendment to the rule. See Securities Exchange Act Release No. 54437 (September 13, 2006), 71 FR 55037 (September 20, 2006) (SR-CHX-2005-06).

<sup>5</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>6</sup> 15 U.S.C. 78f(b)(5).

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 66061 (December 28, 2011), 77 FR 312 ("Notice").

Agency refuses to clear and settle the trades of that Participant.

Additionally, the Commission believes that Article 13, Rule 2(c) and Interpretation and Policy .01 to Article 13, Rule 2 provide fair suspension appeal procedures, and therefore is consistent with Section 6(b)(7) of the Act,<sup>7</sup> which requires that the rules of a national securities exchange provide a fair procedure for the disciplining of members and persons associated with members. The Commission notes that, where an officer of the Exchange suspends a Participant's trading privileges under the narrow circumstances described in Interpretation and Policy .01, the suspension will be lifted automatically within two days of the action unless the CRO approves it, and the CRO may decide to lift the suspension earlier.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>8</sup> that the proposed rule change (SR-CHX-2011-34) be, and it hereby is, approved.

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

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

[FR Doc. 2012-3472 Filed 2-14-12; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-66363; File No. SR-EDGA-2012-04]

### Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend EDGA Rule 1.5(q)

February 9, 2012.

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 February 1, 2012, the EDGA Exchange, Inc. (the "Exchange" or "EDGA") filed with the Securities and Exchange Commission (the "SEC" and the "Commission") the proposed rule change as described in Items I and II 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

EDGA Exchange, Inc. ("EDGA" or the "Exchange"), proposes to amend its rules regarding registration, qualification and continuing education requirements for Authorized Traders of Members that engage solely in proprietary trading. EDGA proposes to amend Rules 2.3 and 11.4 and the Interpretations to Rule 2.5 to recognize a new category of limited representative registration for proprietary traders. The Exchange proposes to expand its registration requirements to include the Proprietary Traders Qualification Examination ("Series 56") as one of the applicable qualification examinations as determined by the Exchange. The Exchange also proposes to permit Authorized Traders of Members who engage solely in proprietary trading to obtain the Series 56 license in order to effect transactions on the Exchange. In addition, the Exchange proposes to amend Rule 2.3 to make it substantially similar to the rules of the Financial Industry Regulatory Authority ("FINRA") and other Self-Regulatory Organizations ("SROs") to require Members to register two registered Principals.<sup>3</sup> The text of the proposed Proprietary Traders Qualification Examination Content Outline is attached as Exhibit 3 and the text of the proposed rule changes is attached as Exhibit 5.<sup>4</sup> These documents are available on the Exchange's Web site at [www.directedge.com](http://www.directedge.com), at the Exchange's principal office, and at the Public Reference Room of 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 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

##### Background

In July 2011, NASDAQ filed a proposed rule change with the Commission to recognize a new category of limited representative registration for proprietary traders.<sup>5</sup> In addition, in August 2011, NASDAQ filed a related proposed rule change to use the content outline for the Series 56 examination that would be applicable to proprietary traders.<sup>6</sup>

For the purposes of this category of limited representative registration, NASDAQ Rule 1011(o) defines a proprietary trading firm as a firm that embodies the following characteristics: The Member is not required by Section 15(b)(8) of the Exchange Act (the "Act") to become a FINRA member but is a member of another registered securities exchange not registered solely under Section 6(g) of the Act; all funds used or proposed to be used by the Member for trading are the Member's own capital, traded through the Member's own accounts; the Member does not, and will not have "customers";<sup>7</sup> all Principals and Authorized Traders of the Member acting or to be acting in the capacity of a trader must be owners of, employees of, or contractors to the Member. In addition, NASDAQ Rule 1032(c) defines a proprietary trader as an Authorized Trader whose activities in the investment banking or securities business are limited solely to proprietary trading; passes an appropriate qualification examination; and is an associated person of a proprietary trading firm as defined in NASDAQ Rule 1011(o). NASDAQ Rule 1032(c) identifies the Series 56 as the appropriate qualification examination for proprietary traders' limited representative registration. Furthermore, NASDAQ's proposed category of limited representative registration expressly excludes those associated persons that deal with the public and states those associated persons should continue to

<sup>5</sup> See Securities Exchange [sic] Release No. 64958 (July 25, 2011), 76 FR 45629 (July 29, 2011) (SR-NASDAQ-2011-095). See also Securities Exchange [sic] Release No. 65041 (August 5, 2011), 76 FR 49822 (August 11, 2011) (SR-NASDAQ-2011-107).

<sup>6</sup> See Securities Exchange [sic] Release No. 65040 (August 5, 2011), 76 FR 49809 (August 11, 2011) (SR-NASDAQ-2011-108).

<sup>7</sup> NASDAQ Rule 0120(g) states, "the term customer shall not include a broker or dealer."

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

<sup>8</sup> 15 U.S.C. 78s(b)(2).

<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> The Exchange notes that it will continue to require per Exchange Rule 2.3(c) that all Authorized Traders who are to function as Principals on the Exchange to be registered consistent with amended paragraph (c)(2) of Rule 2.3.

<sup>4</sup> The Commission notes that the Outline and the text of the proposed rule change are attached to the filing, not to this Notice.