

uncommon,⁷ and provide means by which venues such as Phlx may compete more effectively with listing venues such as NYSE.

Finally, Phlx notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, Phlx must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Phlx believes that the proposed rule change reflects this competitive environment because it is designed to create pricing incentives for trading Tape A Securities through PSX.

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

Phlx does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. Because the market for order execution is extremely competitive, members may readily opt to disfavor Phlx's execution services if they believe that alternatives offer them better value. The proposed change is designed to enhance competition by using pricing incentives to encourage trading of Tape A Securities through PSX.

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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.⁸ 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. If the Commission takes such action, the Commission shall institute proceedings to determine

whether the proposed rule should be approved or disapproved.

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. Please include File No. SR-Phlx-2012-25 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-Phlx-2012-25. 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 such 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 No. SR-Phlx-2012-25 and should be submitted on or before April 4, 2012.

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

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-66540; File No. SR-NASDAQ-2012-031]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Supplemental Orders

March 8, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 27, 2012, The NASDAQ Stock Market LLC ("NASDAQ" 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 the Substance of the Proposed Rule Change

The Exchange proposes to introduce the "Supplemental Order" for use on NASDAQ. The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at 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 Exchange included statements concerning the purpose of and basis for the proposed rule change. The text of these 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 aspects of such statements.

⁷ See, e.g., Securities Exchange Act Release No. 66322 (February 3, 2012), 77 FR 6831 (February 9, 2012) (SR-NASDAQ-2012-020) (pricing incentives focused on securities listed on exchanges other than The NASDAQ Stock Market or NYSE).

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

1. Purpose

NASDAQ proposes to introduce a new order type, to be known as the "Supplemental Order," for use on NASDAQ. The order type and its associated execution process are virtually identical to the "Tracking Order" and "Tracking Order Process" that have long been in use at NYSEArca.³ The purpose of the order is to offer institutional investors and other traders that have longer trading horizons a means to post stable trading interest executable at the national best bid or best offer ("NBBO"). The Exchange believes that if the Supplemental Order becomes widely used, market participants seeking to access liquidity will more readily direct their orders to NASDAQ, because they will have a heightened expectation of the availability of liquidity at the NBBO.

Supplemental Orders are Non-Displayed limit orders that are available for execution only between 9:30 a.m. and 4 p.m., and that are not eligible for participation in the Nasdaq Opening Cross, the Nasdaq Halt Cross, the Nasdaq Imbalance Cross, or the Nasdaq Closing Cross. All Supplemental Orders must be entered with size of one or more normal units of trading. Upon entry in the Nasdaq Market Center system, a Supplemental Order will always post to the book and thereafter become eligible for execution against incoming orders in accordance with the Nasdaq Market Center's Supplemental Process.

An incoming order that has been designated as eligible for routing may interact with Supplemental Orders.⁴ Such an order will first be matched against orders other than Supplemental Orders in accordance with Rule 4757(a)(1)(A) through (C). If any of the order remains unexecuted, it will enter the Supplemental Process before being routed to other venues. In the process, the order will be matched against Supplemental Order(s) in price/time priority. However, executions will be permitted to occur only at the NBBO,

and only if the size of the incoming order is less than or equal to the aggregate size of Supplemental Order interest available at the price of the order. A Supplemental Order may not trade through a Protected Quotation, and will not be permitted to execute if the NBBO is locked or crossed.

Supplemental Orders post to the book, rather than interacting with resting orders before posting, because the market participant entering a Supplemental Order is willing to cede execution priority in order to provide liquidity to those orders that are eligible to enter into the Supplement Order process (*i.e.*, orders that seek to access liquidity at the NBBO). NYSEArca Tracking Orders are similarly designed to post to the book in all circumstances.

If a Supplemental Order is not executed in full, the remaining portion of the order shall continue to repost in the Supplemental Process until the order is fully executed, the order is cancelled by the member that entered the order, or the size of the order is reduced to less than one normal unit of trading (in which case the remaining order will be cancelled by the System). Supplemental Orders may be entered at any time between 7 a.m. and 4 p.m., but are available for potential execution only between 9:30 a.m. and 4 p.m. Any Supplemental Orders still on the book after 4 p.m. will be cancelled.

In addition to adding descriptions of the Supplemental Order and its associated execution process to Rules 4751 and 4757, NASDAQ is also proposing to make conforming changes to Rule 4755, and to correct several minor typographical errors in Rule 4757.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁵ in general, and with Section 6(b)(5) of the Act,⁶ in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Specifically, NASDAQ believes that the proposed rule change will promote the interests of retail and

institutional investors and other investors with longer term trading horizons by (i) offering liquidity providers a means to use NASDAQ to post larger limit orders that are only executable at the NBBO and that do not disclose their trading interest to other market participants in advance of execution, and (ii) offering market participants seeking to access liquidity a greater expectation of market depth at the NBBO than may currently be the case.

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

NASDAQ does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The proposed change will allow NASDAQ to offer functionality that is similar to functionality already offered by NYSEArca, and will therefore promote competition between exchanges.

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 effective upon filing pursuant to Section 19(b)(3)(A) of the Act⁷ and paragraph (f)(6) of Rule 19b-4 thereunder,⁸ in that the proposed rule change: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. NASDAQ provided the Commission with such written notice on February 8, 2012. NASDAQ proposes to implement the proposed rule change on a date that is on, or shortly after, the 30th day following the date of the filing.

³ See NYSEArca Rules 7.31(f) and 7.37(c).

⁴ Orders that are not designated for routing are not executable against Supplemental Orders, because market participants entering non-routable orders either expect to post liquidity on NASDAQ, or seek to execute against the NASDAQ displayed quote, as through an Immediate or Cancel order type. By contrast, the Supplemental Order is designed to interact with market participants that seek to access liquidity at the NBBO, and that employ routable orders to access such liquidity at a range of trading venues.

⁵ 15 U.S.C. 78f.

⁶ 15 U.S.C. 78f(b)(5).

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6).

NASDAQ believes that the proposed rule change does not significantly affect the protection of investors or the public interest, and does not impose any significant burden on competition because (i) the proposal seeks to enhance market quality by providing a means to encourage market participants to offer greater liquidity at the NBBO, and (ii) the proposal enhances NASDAQ's ability to compete with comparable functionality that is already being offered by NYSEArca.

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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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. Please include File Number SR-NASDAQ-2012-031 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-NASDAQ-2012-031. 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 such 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 No. SR-NASDAQ-2012-031 and should be submitted on or before April 4, 2012.

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

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-66542; File No. SR-BX-2012-012]

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Connectivity Options and Fees

March 8, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 2, 2012, The NASDAQ OMX BX, Inc. ("BX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II, 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 the Substance of the Proposed Rule Change

The Exchange proposes to modify Exchange connectivity options and fees. The text of the proposed rule change is available at <http://nasdaqomxbx.cchwallstreet.com/>, at the

Exchange's principal office, and at 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 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 Exchange 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to modify Rule 7034(b) regarding connectivity to The NASDAQ Stock Market LLC ("NASDAQ").³ Specifically, the Exchange proposes to (i) establish a connectivity fee for a 40Gb enhanced bandwidth option; and (ii) provide a waiver of installation fees for upgrades.

Enhanced Bandwidth Option

The Exchange currently offers various bandwidth options for connectivity to the Exchange, including a 10Gb fiber connection, a 1Gb copper connection, and a 100 MB connection.⁴ In keeping with changes in technology, the Exchange now proposes to provide an enhanced bandwidth option to enable its clients a more efficient connection to the Exchange. The Exchange proposes a 40G [sic] fiber connection with a one-time installation fee of \$1,500, and a per-month connectivity fee of \$15,000. The growth in the size of consolidated and proprietary data feeds has resulted in demand for higher bandwidth. As the number of feeds available and the size of the feeds increases, the bandwidth required for market data feeds steadily rises. The Exchange's proposal provides the co-located client the option to select the bandwidth that is appropriate for the firm's current needs and enables it to add or change services as its needs change.

Waiver of Installation Fees

The Exchange also proposes to provide a waiver of the installation fees

³ All co-location services are provided by NASDAQ Technology Services LLC.

⁴ See Exchange Rule 7034(b), Connectivity to Nasdaq.

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.