

encouraging market participants to provide price improvement.

Rebates for Stocks Priced Under \$1

NASDAQ believes that the elimination of the rebate for liquidity provided in stocks priced under \$1 is reasonable because the amount of this rebate is extremely small and therefore of minimal value to market participants. For example, the rebate on a 1000 share trade is just \$0.09. NASDAQ believes that the change is consistent with an equitable allocation of fees, since the rebate is not being replaced by a fee, so there is no charge for liquidity providers to execute trades in these stocks. Finally, NASDAQ believes that the change is not unfairly discriminatory because the per-trade revenues associated with executions of these stocks are also very small. Accordingly, NASDAQ believes that it is not unfair to pay a rebate with respect to higher priced stocks, while declining to pay a rebate with respect to these stocks.

Finally, NASDAQ 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, or rebate opportunities available at other venues to be more favorable. In such an environment, NASDAQ 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. These competitive forces help to ensure that NASDAQ's fees are reasonable, equitably allocated, and not unfairly discriminatory since market participants can largely avoid fees to which they object by changing their trading behavior.

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. Because the market for order execution is extremely competitive, members may readily opt to disfavor NASDAQ's execution services if they believe that alternatives offer them better value. For this reason and the reasons discussed in connection with the statutory basis for the proposed rule change, NASDAQ does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

Written comments were neither solicited nor 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.²⁵ 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-2012-053 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-2012-053. 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 10:00 a.m. and 3:00 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-2012-053 and should be submitted on or before May 30, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁶

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-66918; File No. SR-ICC-2012-08]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change To Add Margin Collection Requirements for Futures Commission Merchant Clearing Participants

May 3, 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 April 23, 2012, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared primarily by ICC. The Commission is publishing this Notice and Order to solicit comments on the proposed rule change from interested persons and to approve the proposed rule change on an accelerated basis.

²⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

²⁵ 15 U.S.C. 78s(b)(3)(a)(ii).

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

ICC proposes to require FCM clearing participants to collect margin from their customers in respect of such customers' non-hedge positions at a level that is ten percent (10%) greater than ICC's related margin requirement with respect to each product and swap portfolio. As discussed in more detail in Item II(A) below, ICC published a Circular on April 20, 2012 informing its clearing participants of this rule change.

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

In its filing with the Commission, ICC 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 III below. ICC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.³

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

ICC is registered as a derivatives clearing organization ("DCO") with the Commodity Futures Trading Commission ("CFTC") and clears credit default swap contracts subject to the jurisdiction of the CFTC. CFTC Regulation 39.13(g)(8)(ii) provides that a DCO "shall require its clearing members to collect customer initial margin * * * from their customers, for non-hedge positions, at a level that is greater than 100 percent of the derivatives clearing organization's initial margin requirements with respect to each product and swap portfolio."

As further described in ICC's Circular 2012/008 dated April 20, 2012, in compliance with CFTC Regulation 39.13(g)(8)(ii), no later than the May 7, 2012 effective date, ICC will require FCM clearing participants to collect margin from their customers in respect of such customers' non-hedge positions, at a level that is ten percent (10%) greater than ICC's related margin requirement with respect to each product and swap portfolio.

ICC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations

thereunder applicable to it. ICC believes that its proposed rule will help protect investors and the public interest because the requirements help safeguard customer funds held at the FCM level.

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

ICC does not believe the proposed rule change would 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

Written comments relating to the proposed rule change have not been solicited or received. ICC represented that it will notify the Commission of any written comments it receives.

III. 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 may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>) or by sending an email to rule-comments@sec.gov. Please include File Number SR-ICC-2012-08 on the subject line.

- Paper comments may be sent 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-ICC-2012-08. 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, on official business days between the hours of

10:00 a.m. and 3:00 p.m. Copies of such filings will also be available for inspection and copying at the principal office of ICC and on ICC's Web site at https://www.theice.com/publicdocs/regulatory_filings/042312_SEC_ICCEClearCredit.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 Number SR-ICC-2012-08 and should be submitted on or before May 30, 2012.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

Section 19(b)(2)(C) of the Act⁴ directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. Section 17A(b)(3)(F) of the Act⁵ requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, and to the extent applicable, derivative agreements, contracts, and transactions. Section 17A(b)(3)(F) also requires that the rules of a clearing agency be designed to contribute to the safeguarding of securities and funds associated with swap transactions.⁶

The proposed change would allow ICC to require ICC's clearing participants to enhance the margin collected from clients for clients' non-hedge positions, thereby contributing to the safeguarding of securities and funds associated with swap transactions. It should also allow ICC to comply with new CFTC regulatory requirements, thereby promoting the prompt and accurate clearance and settlement of derivative agreements, contracts, and transactions.

Further, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,⁷ for approving the proposed rule change prior to the 30th day after the date of publication of notice in the **Federal Register** because as a registered DCO ICC is required to comply with the new CFTC regulations by the time they become effective on May 7, 2012.⁸

⁴ 15 U.S.C. 78s(b)(2)(C).

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ *Id.*

⁷ 15 U.S.C. 78s(b)(2).

⁸ In approving the proposed rule change, the Commission considered the proposal's impact on

³ The Commission has modified the text of the summaries prepared by ICC.

V. Conclusion

It is therefore ordered, pursuant to 19(b)(2) of the Act,⁹ that the proposed rule change (SR-ICC-2012-08) is approved on an accelerated basis.

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

Kevin O'Neill,

Deputy Secretary.

[FR Doc. 2012-11132 Filed 5-8-12; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-66913; File No. SR-FINRA-2012-012]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving a Proposed Rule Change Amending FINRA Rules 12401 (Number of Arbitrators) and 12800 (Simplified Arbitration) of the Code of Arbitration Procedure for Customer Disputes, and FINRA Rules 13401 (Number of Arbitrators) and 13800 (Simplified Arbitration) of the Code of Arbitration Procedure for Industry Disputes, To Raise the Limit for Simplified Arbitration From \$25,000 to \$50,000

May 3, 2012.

I. Introduction

On February 9, 2012, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act" or "Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend FINRA's Customer and Industry Codes of Arbitration Procedure to raise the limit for simplified arbitration. Specifically, the proposed rule change would amend FINRA Rules 12401 (Number of Arbitrators) and 12800 (Simplified Arbitration) of the Code of Arbitration Procedure for Customer Disputes ("Customer Code"), and FINRA Rules 13401 (Number of Arbitrators) and 13800 (Simplified Arbitration) of the Code of Arbitration Procedure for Industry Disputes ("Industry Code"), to raise the limit for simplified arbitration from \$25,000 to \$50,000. The proposed rule change was published for comment in the **Federal**

efficiency, competition and capital formation. 15 U.S.C. 78c(f).

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Register on February 28, 2011.³ The Commission received five comment letters on the proposed rule change,⁴ and a response to comments from FINRA.⁵ This order approves the proposed rule change.

II. Description of the Proposal

As stated in the Notice, FINRA currently offers streamlined arbitration procedures for claimants seeking damages of \$25,000 or less. Under FINRA's simplified arbitration rules, one chair-qualified arbitrator decides the claim and issues an award based on the written submissions of the parties, unless the customer requests a hearing (if it is a customer case), or the claimant requests a hearing (if it is an industry case). FINRA also expedites discovery in these cases.⁶ The proposed rule change would raise the dollar limit for damages sought in order to offer simplified arbitration to claimants seeking damages of \$50,000 or less.

Specifically, the proposed rule change would amend FINRA Rules 12401(a) and 13401(a) to provide that if the amount of a claim is \$50,000 or less, exclusive of interest and expenses, the panel would consist of one arbitrator and the claim would be subject to the simplified arbitration procedures under FINRA Rules 12800 and 13800 respectively. The proposed rule change also would amend FINRA Rules 12401(b) and 13401(b) to state that if the amount of a claim is more than \$50,000, but not more than \$100,000, exclusive of interest and expenses, the panel

³ See Exchange Act Release No. 66442 (Feb. 22, 2012), 77 FR 12092 (Feb. 28, 2012) ("Notice"). The comment period closed on March 20, 2012.

⁴ See Letter from Steven B. Caruso, Maddox Hargett & Caruso, P.C., dated March 2, 2012 ("Caruso Letter"); letter from Ryan K. Bakhtiari, President, Public Investors Arbitration Bar Association, dated March 16, 2012 ("PIABA Letter"); letter from William A. Jacobson, Associate Clinical Professor of Law, Cornell University Law School, and Director, Cornell Securities Law Clinic, and Brenda Beauchamp, Cornell Law School '13, dated March 20, 2012 ("Cornell Letter"); letter from Lisa A. Catalano, Director, Christine Lazaro, Supervising Attorney, and Anna Andreescu, Julia Iodice and Ashley Morris, Legal Interns, St. John's School of Law Securities Arbitration Clinic, dated March 20, 2012 ("St. John's Letter"); and letter from Jill I. Gross, Director, Edward Pekarek, Assistant Director, and Genavieve Shingle, Student Intern, Investor Rights Clinic at Pace Law School, dated March 20, 2012 ("PIRC Letter"). Comment letters are available at <http://www.sec.gov>.

⁵ See Letter from Margo A. Hassan, Assistant Chief Counsel, FINRA Dispute Resolution, to Elizabeth M. Murphy, Secretary, Commission, dated April 19, 2012 ("Response Letter"). The text of the proposed rule change and FINRA's Response Letter are available on FINRA's Web site at <http://www.finra.org>, at the principal office of FINRA, and at the Commission's Public Reference Room. The text of the Response Letter is also available on the Commission's Web site at <http://www.sec.gov>.

⁶ See FINRA Rule 12800(d).

would consist of one arbitrator unless the parties agree in writing to three arbitrators. The proposed rule change would not amend FINRA Rules 12401(c) and 13401(c), relating to claims of more than \$100,000.

The proposed rule change would also amend FINRA Rules 12800(a) and 13800(a) to provide that the simplified arbitration rules would apply to claims involving \$50,000 or less, exclusive of interest and expenses. In addition, the proposed rule change would amend FINRA Rules 12800(e) and 13800(e) to state that if any pleading increases the amount in dispute to more than \$50,000, FINRA would no longer administer the claim under the simplified arbitration rules and the regular provisions of the Customer Code and Industry Code, respectively, would apply.

In the Notice, FINRA represented that allowing parties disputing claims between \$25,000 and \$50,000 to resolve their disputes based on the pleadings and other materials submitted by the parties, without a hearing, would benefit users of FINRA's arbitration forum in many ways, for example: (1) It would reduce forum fees because more parties could avoid hearing session fees and hearing process fees;⁷ (2) it would save parties the time and expense of preparing for, scheduling, and traveling to hearings; (3) it would provide an alternative for customers who are unable to retain an attorney and uncomfortable appearing at a hearing without representation; and (4) it would expedite cases because the arbitrator and parties would not need to schedule a hearing.

FINRA has indicated that it would announce the effective date of the proposed rule change in a *Regulatory Notice* to be published no later than 60 days following Commission approval, and that the effective date would be no later than 30 days following publication of the *Regulatory Notice* announcing Commission approval.

III. Discussion of Comment Letters

As stated above, the Commission received five comment letters on the proposed rule change in response to the Notice. All five comment letters supported one or more aspects of the proposal.⁸ One commenter suggested an

⁷ FINRA represented that the \$25,000 threshold captured twenty-one percent of all cases filed with FINRA's arbitration forum in 1998, but currently captures only ten percent of FINRA's caseload. FINRA stated that, based on 2011 statistics, raising the threshold to \$50,000 would increase the percentage of claims administered under simplified arbitration to seventeen percent of the claims filed with the forum.

⁸ *Supra* note 4.