

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67136; File No. SR-EDGX-2012-20]

### Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Temporarily Suspend the Requirements of EDGX Rule 2.6

June 5, 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 June 5, 2012, EDGX Exchange, Inc. (the "Exchange" or "EDGX") 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 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 is proposing to temporarily suspend the requirements of EDGX Rule 2.6 and related EDGX Rules concerning the approval of new Members in order to admit Apex Clearing Corporation ("Apex Clearing"), f/k/a Ridge Clearing and Outsourcing Solutions, Inc. ("Ridge"), as a Member of EDGX, subject to Apex Clearing complying with the Exchange's Membership qualification rules within 30 calendar days of the effective date of this filing. The Exchange is also proposing to accept Apex Clearing's assumption of all of the existing clearing agreements and arrangements currently in effect between Penson Financial Services, Inc. ("PFSI") and other EDGX Members by execution of a global agreement thereto. The text of the proposed rule change is 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

The Exchange is proposing to temporarily suspend the requirements of EDGX Rule 2.6 and related rules governing the qualification and admission of Members in order to immediately approve Apex Clearing as an EDGX Member. The Exchange proposes this temporary suspension on an expedited basis to ensure that Apex Clearing can continue the clearing operations of PFSI without unnecessary disruption, which could have a significant collateral impact on a number of other Members. The proposed temporary suspension is contingent upon Apex Clearing having complied with all of the Exchange's Membership qualification requirements within 30 calendar days of the effective date of this filing.

On May 31, 2012, Apex Clearing Holdings, LLC ("Apex Holdings"), Apex Clearing Solutions, LLC, Broadridge Financial Solutions, Inc. ("Broadridge"), PFSI and Penson Worldwide, Inc. ("PWI") (together, the "Parties") consummated a transaction resulting in a change in ownership of Apex Clearing.<sup>3</sup> Broadridge, Apex Holdings, PWI and PFSI each made capital investments in Apex Holdings, the holding company parent of Apex Clearing. PFSI also assigned all of its U.S. clearing contracts and all customer and introducing broker proprietary accounts along with key personnel to Apex Clearing (the "Transferring Accounts").<sup>4</sup>

As a result of the Transaction, Apex Clearing, which is not currently an EDGX Member, will provide the clearing services and execution services currently provided to the Transferring Accounts by PFSI. On May 31, 2012, Apex Clearing submitted an application

<sup>3</sup> Prior to the Transaction, Apex Clearing's name was Ridge Clearing & Outsourcing Solutions, Inc. Prior to the transaction, Ridge Clearing & Outsourcing Solutions, Inc. contributed its outsourcing operations and all associated personnel and systems to its affiliated entity, Broadridge Securities Processing Solutions, LLC ("BSPS") where it will continue to provide operations support and outsourcing services to a number of broker-dealers, including Apex Clearing.

<sup>4</sup> See Penson Worldwide, Inc. Form 8-K dated May 31, 2012.

to be admitted as an EDGX Member. However because of the expedited nature of the transaction, Apex Clearing was unable to fully comply in a timely manner with EDGX Rule 2.6 and related Membership rules. Because of the need for seamless continuity with respect to the Transferring Accounts, Apex Clearing has requested that the Exchange temporarily suspend its Membership qualification rules in order to enable Apex Clearing's approval as a Member on an expedited basis. Pursuant to its request, Apex Clearing has represented that it will fully comply with the Exchange's Membership qualification requirements within 30 calendar days of the effective date of this filing.

EDGX Rule 2.6 establishes the requirements for applications for Membership with the Exchange and requires prospective Members to submit such information as the Exchange may require.

Among other things, to be approved as an EDGX Member, an applicant must:

- Provide the Exchange with an agreement to abide by, comply with, and adhere to the provisions of the Exchange's Certificate of Incorporation, its By-Laws, the Exchange's Rules, the policies, interpretations and guidelines of the Exchange, and all orders and decisions of the Exchange's Board and penalties imposed by the Board, and any duly authorized committee;<sup>5</sup>
- Agree to pay such dues, assessments, and other charges in the manner and amount as shall from time to time be fixed by the Exchange;<sup>6</sup>
- Agree to maintain and make available to the Exchange, its authorized employees and its Board or any duly authorized committee such books and records as may be required to be maintained by the Commission or the Exchange's Rules;<sup>7</sup>
- Agree to supply other reasonable information with respect to the applicant as the Exchange may require in its Membership application (e.g., certificate of incorporation, by-laws, and other corporate documents);<sup>8</sup> and
- Register all Authorized Traders with the Exchange<sup>9</sup> in compliance with the Exchange's registration requirements as outlined in EDGX Rule 2.3(b) through (d).

In addition, the Exchange reviews whether the applicant meets applicable regulatory capital requirements and whether it has adopted controls and

<sup>5</sup> EDGX Rule 2.6(a)(1).

<sup>6</sup> EDGX Rule 2.6(a)(2).

<sup>7</sup> EDGX Rule 2.6(a)(5).

<sup>8</sup> EDGX Rule 2.6(a)(6).

<sup>9</sup> EDGX Rule 2.3(b).

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

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

procedures to comply with Exchange Rules.

Due to the amount of information an applicant is required to provide and have completed prior to being admitted as a Member, the Member approval process generally takes several weeks to complete. The length of time varies based on the timing of the applicant's responses to requests for information and documentation.

As proposed, Apex Clearing will continue the clearing and certain other operations of PSFI as of June 6, 2012. In order to avoid interruption of the services PSFI currently provides to other Exchange Members, EDGX believes that Apex Clearing should be approved immediately as an EDGX Member. The Exchange notes that Apex Clearing is already a registered broker-dealer and FINRA member, which are prerequisites for becoming an EDGX Member.<sup>10</sup>

The Exchange therefore proposes to temporarily suspend EDGX Rule 2.6 and related Membership rules (Rules 2.3 and 2.5), and immediately approve Apex Clearing and its associated persons as a Member. As proposed, this temporary suspension is contingent upon:

- Apex Clearing providing the Exchange with sufficient information to confirm that Apex Clearing will satisfy its capital requirements as an EDGX Member; and
- Within 30 calendar days of the effective date of this rule filing, Apex Clearing and its associated persons shall have complied with the Exchange's Member qualification requirements as set forth in EDGX Rules 2.3, 2.5, and 2.6.

As proposed, if Apex Clearing does not comply with all applicable EDGX Member qualification requirements within 30 calendar days of the effective date of this filing, its status as an approved EDGX Member will no longer be effective.

In addition, the Exchange proposes to permit Apex Clearing to assume all existing clearing agreements and arrangements currently in effect with other EDGX Members by execution of global agreements thereto. Apex Clearing has represented that it will provide notice of such assumption to impacted Members prior to the effective date thereof.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)<sup>11</sup> of the Act and furthers the

objectives of Section 6(b)(5)<sup>12</sup> in that it is designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism of a free and open market and a national market system and to protect investors and the public interest. The Exchange believes that permitting the expeditious approval of Apex Clearing as an EDGX Member will avoid interruption of the services PSFI currently provides to other Exchange Members. Based on information and representations provided by Apex Clearing, a temporary suspension of certain EDGX membership rules is needed based on the expedited nature of the transaction to enable seamless continuity with respect to the Transferring Accounts. Consequently, EDGX believes that temporary suspension of its Member qualification requirements so that Apex Clearing can be approved immediately as an EDGX Member will help to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and is therefore consistent with the Act.

### *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*

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>13</sup> and Rule 19b-4(f)(6) thereunder.<sup>14</sup> Because the proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A)

of the Act<sup>15</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>16</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>17</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>18</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange has asked the Commission to waive the five-day pre-filing requirement and the 30-day operative delay so that the proposed rule change may become operative immediately upon filing. The Commission notes that the Exchange is proposing that certain of its rules relating to membership requirements be temporarily suspended so that Apex Clearing can be provisionally approved as EDGX Member. The proposed relief does not exempt Apex Clearing from Exchange rule requirements governing Members. Apex Clearing would have a 30-calendar-day grace period within which to apply for and be approved under relevant Exchange rules. Moreover, the Commission believes that waiver of the 30-day operative delay is appropriate to ensure a smooth transition of PFSI operations to Apex Clearing. In particular, given the rapidity with which events have developed, waiver of the 30-day operative delay is necessary to avoid significant disruption to PFSI's existing customers and the market generally. Therefore, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest and designates the proposed rule change as operative upon filing.<sup>19</sup>

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

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

<sup>16</sup> 17 CFR 240.19b-4(f)(6)(iii). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file 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. The Commission is waiving this five-day pre-filing requirement.

<sup>17</sup> 17 CFR 240.19b-4(f)(6).

<sup>18</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>19</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>10</sup> See EDGX Rule 2.5(a).

<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

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](mailto:rule-comments@sec.gov). Please include File Number SR-EDGX-2012-20 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-EDGX-2012-20. 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 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-EDGX-2012-20 and should be submitted on or before July 2, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>20</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2012-14076 Filed 6-8-12; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67134; File No. SR-C2-2012-018]

### Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding the Approval of Trading Permit Holders

June 5, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on June 5, 2012, C2 Options Exchange, Incorporated ("C2" or the "Exchange") 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 by C2. 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

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> the Exchange proposes to temporarily suspend the requirements of C2 Rule 3.1 and related C2 rules concerning the approval of new Permit Holders in order to approve Apex Clearing, Inc., f/k/a Ridge Clearing and Outsourcing Solutions, Inc. ("Apex Clearing") as a C2 Permit Holder, subject to Apex Clearing complying with Exchange rules for a new Permit Holder within 30 calendar days of the date that Apex Clearing is provisionally approved as a C2 Permit Holder. The Exchange is also proposing to accept Apex Clearing's assumption of all of the existing clearing agreements and arrangements currently in effect between Penson Financial Services Inc. ("PFSI") and various other C2 Permit Holders by execution of a global agreement thereto. The text of the proposed rule change is available on the Exchange's Web site (<http://www.C2exchange.com>), at the

<sup>20</sup> 17 CFR 200.30-3(a)(12).

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

Exchange's Office of the Secretary and at 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, C2 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. C2 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 Exchange proposes this rule filing to temporarily suspend the requirements of C2 Rule 3.1 and related rules regarding the approval of Permit Holders in order to immediately approve Apex Clearing as a C2 Permit Holder. The Exchange proposes this temporary suspension on an emergency basis to ensure that Apex Clearing can continue the clearing operations of PFSI without unnecessary disruption, which could have a significant collateral impact to a number of other Permit Holders. The proposed temporary suspension is contingent upon Apex having complied with all new Permit Holder Exchange rules within 30 calendar days of the date Apex is provisionally approved as a C2 Permit Holder pursuant to this filing.

On May 31, 2012, Apex Clearing Holdings, LLC ("Apex Holdings"), Apex Clearing Solutions, LLC, Broadridge Financial Solutions, Inc. ("Broadridge"), PFSI and Penson Worldwide, Inc. ("PWI") (together, the "Parties") consummated a transaction resulting in a change in ownership of Apex Clearing.<sup>2</sup> Broadridge, Apex Holdings, PWI and PFSI each made capital investments in Apex Holdings, the holding company parent of Apex Clearing. PFSI also assigned all of its U.S. clearing contracts and all customer and introducing broker proprietary

<sup>2</sup> Prior to the Transaction, Apex Clearing's name was Ridge Clearing & Outsourcing Solutions, Inc. Prior to the transaction, Ridge Clearing & Outsourcing Solutions, Inc. contributed its outsourcing operations and all associated personnel and systems to its affiliated entity, Broadridge Securities Processing Solutions, LLC ("BSPS") where it will continue to provide operations support and outsourcing services to a number of broker-dealers, including Apex Clearing.