

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 neither solicited nor received comments on the proposed rule change.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

A. By order approve or disapprove such proposed rule change; or

B. institute proceedings to determine whether the proposed rule change should be 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-CBOE-2012-085 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-CBOE-2012-085. 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-CBOE-2012-085 and should be submitted on or before October 9, 2012.

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

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

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-67828; File No. SR-C2-2012-030]

**Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change Relating to Complex Order Auctions**

September 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 August 30, 2012, C2 Options Exchange, Incorporated ("Exchange" or "C2") 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 proposed to amend its Rules regarding complex order auctions.

The text of the proposed rule change is available on the Exchange's Web site (<http://www.c2exchange.com/Legal/>), at the Exchange's Office of the Secretary, 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 Statutory Basis for, the Proposed Rule Change*

1. Purpose

On a class-by-class basis, the Exchange may activate the electronic complex order request for responses ("RFR") auction ("COA"), which is a process by which eligible complex orders<sup>3</sup> are given an opportunity for price improvement before being routed to the complex order book ("COB"). Rule 6.13(c) provides that prior to routing a complex order to the COB, eligible complex orders may be subject to a COA. On receipt of a COA-eligible order and request from the Participant representing the order that it be processed through COA, the Exchange will send an RFR message to all Participants who have elected to receive RFR messages.<sup>4</sup> The RFR message identifies the component series, the size of the COA-eligible order and any contingencies, but not the side of the market. Eligible Participants may then submit responses to the RFR message

<sup>3</sup> An eligible complex order, referred to in Rule 6.13 as a "COA-eligible order," means

a complex order that, as determined by the Exchange on a class-by-class basis, is eligible for a COA considering the order's marketability (defined as a number of ticks away from the current market), size, complex order type, and complex order origin type (i.e. non-broker-dealer public customer, broker-dealers that are not Market-Makers or specialists on an options exchange, and/or Market-Makers or specialists on an options exchange). All determinations by the Exchange on COA-eligible order parameters are announced to Trading Permit Holders by Regulatory Circular. See Rule 6.13(c)(1)(B) and Interpretation and Policy .01 to Rule 6.13.

<sup>4</sup> See Rule 6.13(c)(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.

("RFR Responses") during the Response Time Interval.<sup>5</sup>

Responders to the auction, not knowing the side of the COA order, may send RFR Responses on both sides of the market. The System<sup>6</sup> only considers RFR Responses on the opposite side of the COA order. RFR Responses that are on the same side as the COA order cannot trade with it and thus are unnecessary, and as a result, the System automatically rejects these RFR Responses.

The Exchange proposes to amend its rules to provide that the RFR message will identify the side of the market of the COA-eligible order and to clarify that RFR Responses must be on the opposite side of the market of the COA order. Identification of the side of the market of the COA order in the RFR message will eliminate the entry of unnecessary RFR Responses on the same side of the market of the COA order that the System automatically rejects. The Exchange believes that the proposed rule change will therefore improve the efficiency of the COA process by eliminating excess RFR Responses that can never actually trade with the COA order. The Exchange believes that providing this additional information to Trading Permit Holders in the RFR message could result in more meaningful and effective RFR Responses. RFR Responses that exist at the end of the Response Time Interval with respect to COA-eligible orders will still be firm. The Exchange will announce the implementation date of the proposed rule change by Regulatory Circular to be published no later than 90 days following the effective date. The implementation date will be no later

<sup>5</sup> The Exchange will determine, on a class-by-class basis, which of the following two groups of Participants may submit responses to the RFR message ("RFR Responses") during the Response Time Interval: (a) Each Market-Maker registered in the relevant option class, and each Participant acting as agent for orders resting at the top of the COB in the relevant options series; or (b) all Participants. See Rule 6.13(c)(3). A "Response Time Interval" means the period of time during which RFR Responses may be entered, the length of which is determined by the Exchange on a class-by-class basis but may not exceed three seconds. See Rule 6.13(c)(3)(B). RFR response sizes will be limited to the size of the COA-eligible order for allocation purposes and may be expressed on a net price basis in a multiple of the minimum increment or in a smaller increment that may not be less than \$0.01, as determined by the Exchange on a class-by-class basis. RFR responses are not visible other than by the COA system. See Rule 6.13(c)(3)(A). Rule 6.13(c)(4) through (8) describes the processing, execution, and routing of COA-eligible orders, firm quote requirements for COA-eligible orders, and handling of unrelated complex orders.

<sup>6</sup> The System is the automated trading system used by the Exchange for the trading of options contracts.

than 180 days following the effective date.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>7</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>8</sup> requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

In particular, the Exchange believes the proposed rule change protects investors and is in the public interest because it will eliminate the submission of unnecessary RFR Responses on the same side of the market as a COA order (which the System rejects because they cannot trade with the COA order), which will ultimately make the COA process more efficient. The Exchange believes this added efficiency could lead to more meaningful and competitive price RFR Responses, which responses may result in better prices for customers.

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

C2 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 neither solicited nor received comments on the proposed rule change.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- A. By order approve or disapprove such proposed rule change; or
- B. institute proceedings to determine whether the proposed rule change should be 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-C2-2012-030 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-C2-2012-030. 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-C2-2012-030 and should be submitted on or before October 9, 2012.

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

<sup>8</sup> 15 U.S.C. 78f(b)(5).

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

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

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-67831; File No. SR-Phlx-2012-111]

**Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Routing Fees to NOM**

September 11, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, and Rule 19-4<sup>2</sup> thereunder, notice is hereby given that, on August 31, 2012, NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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 adopt certain Routing Fees to recoup costs incurred by the Exchange when routing to the NASDAQ Options Market LLC (“NOM”).

While the changes proposed herein are effective upon filing, the Exchange has designated these changes to be operative on September 4, 2012.

The text of the proposed rule change is available on the Exchange’s Web site at <http://www.nasdaqtrader.com/micro.aspx?id=PHLXfilings>, 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 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 Statutory Basis for, the Proposed Rule Change*

1. Purpose

The purpose of this filing is to recoup costs that the Exchange incurs for routing and executing certain orders in equity options to NOM, specifically, options on Facebook, Inc. (“FB”), Google Inc. (“GOOG”) and Groupon, Inc. (“GRPN”).

The Exchange’s Pricing Schedule at Section V currently includes the following Routing Fees for routing Customer, Professional,<sup>3</sup> Firm, Broker-Dealer, Market Maker<sup>4</sup> and Specialist<sup>5</sup> orders to away markets.

Exchange	Customer	Professional	Firm/broker-dealer/specialist/market maker
NYSE AMEX .....	\$0.11	\$0.31	\$0.55
BATS Penny .....	0.55	0.55	0.55
BATS non-Penny .....	0.86	0.91	0.91
BOX .....	0.11	0.11	0.55
BX Options .....	0.11	0.54	0.54
CBOE .....	0.11	0.31	0.55
CBOE orders greater than 99 contracts in RUT, RMN, NDX, MNX, ETFs, ETNs and HOLDRS .....	0.29	0.31	0.55
C2 .....	0.55	0.56	0.55
ISE .....	0.11	0.29	0.55
ISE Select Symbols <sup>13</sup> .....	0.31	0.39	0.55
NYSE ARCA (Penny Pilot) .....	0.55	0.55	0.55
NYSE ARCA (Standard) .....	0.11	0.11	0.55
NOM .....	0.54	0.54	0.55
NOM-MNX .....	0.56	0.56	0.55
NOM-NDX .....	0.11	0.81	0.81

<sup>13</sup> These fees are applicable to orders routed to ISE that are subject to Rebates and Fees for Adding and Removing Liquidity in Select Symbols. See ISE’s Schedule of Fees for the complete list of symbols that are subject to these fees.

The Exchange is proposing to adopt NOM Routing Fees when routing options overlying FB, GOOG and GRPN

to NOM to account for the new NOM fees for removing liquidity and other routing costs incurred by the Exchange

when routing to NOM in FB, GOOG and GRPN, as follows:

Exchange	Customer	Professional	Firm/broker-dealer/specialist/market maker
NOM—FB, GOOG and GRPN .....	\$0.86	\$0.91	\$0.91

<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 term “professional” means any person or entity that (i) is not a broker or dealer in securities,

and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). See Rule 1000(b)(14).

<sup>4</sup> A “Market Maker” includes Registered Options Traders (“ROT”) (Rule 1014(b)(i) and (ii), which

include Streaming Quote Traders (“SQT”) (See Rule 1014(b)(ii)(A)) and Remote Streaming Quote Traders (“RSQT”) (See Rule 1014(b)(ii)(B)).

<sup>5</sup> A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a).