

Accordingly, granting such relief to the Shares to permit the Trust and any of its affiliated purchasers to redeem Shares during the distribution of the Shares is appropriate in the public interest, and is consistent with the protection of investors.

### Conclusion

*It is hereby ordered*, pursuant to Rule 101(d) of Regulation M, that, based on the representations and facts presented in the Letter, the Shares of the Trust are exempt from the requirements of Rule 101 to permit persons participating in the distribution of Shares of the Trust and their affiliated purchasers to bid for or purchase such Shares during their participation in such distribution.

*It is further ordered*, pursuant to Rule 102(e) of Regulation M, that, based on the representations and facts presented in the Letter, the Shares of the Trust are exempt from the requirements of Rule 102 to permit the Trust and any of its affiliated purchasers to redeem Shares of the Trust during the distribution of such Shares.

This exemptive relief is subject to modification or revocation at any time the Commission determines that such action is necessary or appropriate in furtherance of the purposes of the Exchange Act. Persons participating in the distribution of Shares of the Trust shall discontinue creations and redemptions involving the Shares of the Trust, in the event that any material change occurs with respect to any of the facts or representations made by the Trust, the Sponsor, or its counsel. In addition, persons relying on this exemption are directed to the anti-fraud and anti-manipulation provisions of the Exchange Act, particularly Sections 9(a), 10(b), and Rule 10b-5 thereunder. Responsibility for compliance with these and any other applicable provisions of the federal securities laws and rules must rest with the persons relying on this exemption. This order does not represent the Commission views with respect to any other question that the proposed transactions may raise, including, but not limited to the adequacy of the disclosure concerning, and the applicability of other federal or state laws and rules to, the proposed transactions.

By the Commission.

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2012-30646 Filed 12-19-12; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68437; File No. SR-ICEEU-2012-08]

### Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change To Clear Western European Sovereign CDS Contracts

December 14, 2012.

On October 15, 2012, ICE Clear Europe Limited ("ICE Clear Europe") filed with the Securities and Exchange Commission ("Commission") the proposed rule change SR-ICEEU-2012-08 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> The proposed rule change was published for comment in the **Federal Register** on November 2, 2012.<sup>3</sup> The Commission received one comment on this proposal.<sup>4</sup>

Section 19(b)(2) of the Act<sup>5</sup> provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day from the publication of notice of filing of this proposed rule change is December 17, 2012. The Commission is extending this 45-day time period.

The proposed rule change would permit ICE Clear Europe to clear Western European Sovereign credit default swaps on the following sovereign reference entities: Republic of Ireland, Italian Republic, Hellenic Republic, Portuguese Republic, and Kingdom of Spain. In light of the fact that ICE Clear Europe does not currently provide clearing services for Western European Sovereign credit default swaps, and because no registered clearing agency currently provides clearing services for Western European

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

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

<sup>3</sup> See Securities Exchange Act Release No. 34-68119 (October 29, 2012), 77 FR 66209 (November 2, 2012).

<sup>4</sup> See Comments submitted to the Commission by Darrell Duffie, Stanford University dated November 7, 2012 (<http://www.sec.gov/comments/sr-iceeu-2012-08/iceeu201208.shtml>).

<sup>5</sup> 15 U.S.C. 78s(b)(2).

Sovereign credit default swaps, the Commission finds it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider this proposed rule change.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> designates January 31, 2013, as the date by which the Commission should either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-ICEEU-2012-08).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2012-30604 Filed 12-19-12; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68445; File No. SR-OCC-2012-19]

### Self-Regulatory Organizations; Options Clearing Corporation; Order Approving Proposed Rule Change To Revise the Method for Determining the Minimum Clearing Fund Size To Include Consideration of the Amount Necessary To Draw on Secured Credit Facilities

December 14, 2012.

#### I. Introduction

On October 18, 2012, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change SR-OCC-2012-19 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> The proposed rule change was published for comment in the **Federal Register** on November 7, 2012.<sup>3</sup> The Commission received no comment letters. This order approves the proposed rule change.

<sup>6</sup> 15 U.S.C. 78s(b)(2).

<sup>7</sup> 17 CFR 200.30-3(a)(31).

<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. 68130 (November 1, 2012), 77 FR 66900 (November 7, 2012). OCC also filed an advance notice relating to these proposed changes. See Securities Exchange Act Release No. 68225 (November 14, 2012), 77 FR 69668 (November 20, 2012). The Commission did not receive any comments on this publication.

## II. Description of the Proposed Rule Change

### A. Background

On September 23, 2011, the Commission approved a proposed rule change by OCC to establish the size of OCC's clearing fund as the amount that is required, within a confidence level selected by OCC, to sustain the maximum anticipated loss under a defined set of scenarios as determined by OCC, subject to a minimum clearing fund size of \$1 billion.<sup>4</sup> OCC implemented this change in May 2012. Until that time, the size of OCC's clearing fund was calculated each month as a fixed percentage of the average total daily margin requirement for the preceding month, provided that the calculation resulted in a clearing fund of \$1 billion or more.<sup>5</sup>

Under the formula that is implemented for determining the size of the clearing fund as a result of the May 2012 change, OCC's Rules provide that the amount of the fund is equal to the larger of the amount of the charge to the fund that would result from (i) a default by the single "clearing member group"<sup>6</sup> whose default would be likely to result in the largest draw against the clearing fund or (ii) an event involving the near-simultaneous default of two randomly-selected "clearing member groups" in each case as calculated by OCC with a confidence level selected by OCC.<sup>7</sup> The size of the clearing fund continues to be recalculated monthly, based on a monthly averaging of daily calculations for the previous month, and it is subject to a requirement that its minimum size may not be less than \$1 billion.

### B. Proposed Rule Change

The proposed rule change will implement a minimum clearing fund

size equal to 110% of the amount of committed credit facilities secured by the clearing fund so that the amount of the clearing fund likely will exceed the required collateral value that would be necessary for OCC to be able to draw in full on such credit facilities. OCC's clearing fund is primarily intended to provide a high degree of assurance that market integrity will be maintained in the event that one or more clearing members, settlement banks, or banks that issue letters of credit on behalf of clearing members as a form of margin fails to meet its obligations.<sup>8</sup> This includes the potential use of the clearing fund as a source of liquidity should it ever be the case that OCC is unable to obtain prompt delivery of, or convert promptly to cash, any asset credited to the account of a suspended clearing member.

OCC's committed credit facilities are secured by assets in the clearing fund and certain margin deposits of the suspended clearing member. In light of the uncertainty regarding the amount of margin assets of a suspended clearing member that might be eligible at any given point to support borrowing under the secured credit facilities, OCC has considered the availability of funds based on a consideration of the amount of the clearing fund deposits available as collateral. As an example, for OCC to draw on the full amount of its current credit facilities secured by the clearing fund, the size of the clearing fund likely would need to be approximately \$2.2 billion. The \$2.2 billion figure reflects a 10% increase above the total size of such credit facilities, which is meant to account for the percentage discount applied to collateral pledged by OCC in determining the amount available for borrowing.

Based on monthly recalculation information, the size of OCC's clearing fund during the period from July 2011 to July 2012 was less than \$2.2 billion on eight occasions. Therefore, to reduce

the risk that the assets in the clearing fund might at any time be insufficient to enable OCC to meet potential liquidity needs by accessing the full amount of its committed credit facilities that are secured by the clearing fund, OCC is amending the current minimum clearing fund size requirement of \$1 billion by providing instead that the minimum clearing fund size is the greater of either \$1 billion or 110% of the amount of such committed credit facilities. OCC is denoting the credit facility component of the minimum clearing fund requirement as a percentage of the total amount of the credit facilities that OCC actually secures with clearing fund assets because OCC negotiates these credit facility agreements, including size and other terms, on an annual basis and the total size is therefore subject to change.

## III. Discussion

Section 17A(b)(3)(F) of the Act<sup>9</sup> requires that, among other things, that the rules of a clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, and to safeguard securities and funds in its custody or control or for which it is responsible. The proposed rule change will further these ends by requiring a minimum clearing fund size that is designed to enable OCC to draw in full on its committed credit facilities that are secured by the clearing fund.

## IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act<sup>10</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>11</sup> that the proposed rule change (File No. SR-OCC-2012-19) be and hereby is *approved*<sup>12</sup> as of the date of this order or the date of the "Notice of No Objection to Advance Notice Filing to Revise the Method for Determining the Minimum Clearing Fund Size to Include Consideration of the Amount Necessary to Draw on Secured Credit Facilities"

<sup>4</sup> Securities Exchange Act Release No. 34-65386 (September 23, 2011), 76 FR 60572 (September 29, 2011) (SR-OCC-2011-10).

<sup>5</sup> If the calculation did not result in a clearing fund size of \$1 billion or more, then the percentage of the average total daily margin requirement for the preceding month that resulted in a fund level of at least \$1 billion would be applied. However, in no event was the percentage permitted to exceed 7%. With the rule change approved in September 2011, this 7% limiting factor on the minimum clearing fund size was eliminated.

<sup>6</sup> The term "clearing member group" is defined in OCC's By-Laws to mean a clearing member and any member affiliates of the clearing member.

<sup>7</sup> The confidence levels employed by OCC in calculating the charge likely to result from a default by OCC's largest "clearing member group" and the default of two randomly-selected "clearing member groups" were approved by the Commission at 99% and 99.9%, respectively. However, the Commission approval order notes that OCC retains discretion to employ different confidence levels in these calculations provided that OCC will not employ confidence levels of less than 99% without first filing a proposed rule change.

<sup>8</sup> Under Article VIII, Section 1 of OCC's By-Laws, the clearing fund may be used to pay losses suffered by OCC: (1) As a result of the failure of a clearing member to perform its obligations with regard to any exchange transaction accepted by OCC; (2) as a result of a clearing member's failure to perform its obligations in respect of an exchange transaction or an exercised/assigned options contract, or any other contract or obligations in respect of which OCC is liable; (3) as a result of the failure of a clearing member to perform its obligations in respect of stock loan or borrow positions; (4) as a result of a liquidation of a suspended clearing member's open positions; (5) in connection with protective transactions of a suspended clearing member; (6) as a result of a failure of any clearing member to make any other required payment or to render any other required performance; or (7) as a result of a failure of any bank or securities or commodities clearing organization to perform its obligations to OCC.

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>10</sup> 15 U.S.C. 78q-1.

<sup>11</sup> 15 U.S.C. 78s(b)(2).

<sup>12</sup> In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

(File No. AN-OCC-2012-04), whichever is later.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

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

[FR Doc. 2012-30689 Filed 12-19-12; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68440; File No. SR-NYSEArca-2012-28]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change as Modified by Amendment No. 1 To List and Trade Shares of the JPM XF Physical Copper Trust Pursuant to NYSE Arca Equities Rule 8.201

December 14, 2012.

#### I. Introduction

On April 2, 2012, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") 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 list and trade shares ("Shares") of JPM XF Physical Copper Trust ("Trust") pursuant to NYSE Arca Equities Rule 8.201. J.P. Morgan Commodity ETF Services LLC is the sponsor of the Trust ("Sponsor"). The proposed rule change was published for comment in the *Federal Register* on April 20, 2012.<sup>3</sup>

The Commission initially received one comment letter, which opposed the proposed rule change.<sup>4</sup> On May 30, 2012, the Commission extended the time period for Commission action to July 19, 2012.<sup>5</sup> On June 19, 2012, NYSE Arca submitted a letter in support of its proposal.<sup>6</sup> On July 13, 2012, V&F submitted a second comment letter

opposing the proposed rule change.<sup>7</sup> On July 16, 2012, United States Senator Carl Levin submitted a comment letter opposing the proposed rule change.<sup>8</sup> Additionally, on July 19, 2012, the Commission received a comment letter from another party opposing the proposed rule change.<sup>9</sup>

On July 19, 2012, the Commission instituted proceedings to determine whether to approve or disapprove the proposed rule change.<sup>10</sup> The initial comments for the proceeding were due on August 24, 2012, and the Commission received four comment letters (another letter from V&F, another letter from the Exchange, a letter on behalf of the Sponsor, and a letter from several copper fabricators).<sup>11</sup> Rebuttal comments to submissions made during the initial comment period were due on September 10, 2012. The Commission received three more comment letters (another letter from V&F and two more on behalf of the Sponsor).<sup>12</sup> On October

2, 2012, the Commission issued a notice of designation of longer period for Commission action on proceedings to determine whether to approve or disapprove the proposed rule change.<sup>13</sup> The Commission subsequently received six more comment letters (two more letters from V&F, two letters from Americans for Financial Reform, and two letters from Robert E. Rutkowski).<sup>14</sup> On November 30, 2012, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>15</sup> On December 7, 2012, the

<sup>13</sup> See Securities Exchange Act Release No. 67965, 77 FR 61457 (October 9, 2012).

<sup>14</sup> See letters from Robert B. Bernstein, V&F, to Elizabeth M. Murphy, Secretary, Commission, dated October 23, 2012 ("V&F October 23 Letter"); Americans for Financial Reform ("AFR"), to Elizabeth M. Murray [sic], Secretary, Commission, dated October 23, 2012 ("AFR October 23 Letter"); email from Robert E. Rutkowski, to Mary Schapiro, Chair, Commission, dated October 24, 2012 ("Rutkowski October 24 Letter"); Robert B. Bernstein, V&F, to Elizabeth M. Murphy, Secretary, Commission, dated November 16, 2012 ("V&F November 16 Letter"); AFR, to Elizabeth M. Murray [sic], Secretary, Commission, dated November 16, 2012 ("AFR November 16 Letter"); and email from Robert E. Rutkowski, to Mary Schapiro, Chair, Commission, dated November 17, 2012 ("Rutkowski November 17 Letter").

<sup>15</sup> In Amendment No. 1, the Exchange represented that: (1) It has obtained a representation from the Sponsor that the Sponsor is affiliated with one or more broker-dealers and other entities, and the Sponsor will implement a firewall with respect to such affiliate(s) regarding access to material non-public information of the Trust concerning the Trust and the Shares, and will be subject to procedures designed to prevent the use and dissemination of material non-public information of the Trust regarding the Trust and the Shares; (2) it will obtain a representation from the Trust prior to commencement of trading of the Shares that the net asset value ("NAV") of the Trust and the NAV per Share will be calculated daily and made available to all market participants at the same time; (3) if the First-Out IIV or the Liquidation IIV (terms defined *infra* in note 42) is not being disseminated as required, the Exchange may halt trading during the day in which the disruption occurs; if the interruption persists past the day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption; (4) its comprehensive surveillance sharing agreement with the London Metal Exchange ("LME") applies to trading in copper derivatives (as well as copper); (5) it will require that a minimum of 100,000 Shares be outstanding at the start of trading of the Shares; and (6) it can obtain information regarding the activities of the Sponsor and its affiliates under the Exchange's listing rules. Additionally, the Exchange supplemented its description of surveillance applicable to the Shares contained in the proposed rule change as originally filed. Specifically, the Exchange represents that trading in the Shares would be subject to the existing trading surveillances, administered by the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange, and that, in addition, FINRA would augment those existing surveillances with a review specific to the Shares that is designed to identify potential manipulative trading activity through use of the creation and redemption process. The Exchange represented that all those procedures would be operational at the commencement of trading in the Shares on the Exchange and that, on an ongoing basis, NYSE Regulation, Inc. (on behalf of the Exchange) and FINRA would regularly monitor the continued operation of those

<sup>7</sup> See letter from Robert B. Bernstein, V&F, to Elizabeth M. Murphy, Secretary, Commission, dated July 13, 2012 ("V&F July 13 Letter").

<sup>8</sup> See letter from U.S. Senator Carl Levin, to Elizabeth M. Murphy, Secretary, Commission, dated July 16, 2012 ("Levin Letter").

<sup>9</sup> See Web comment from Suzanne H. Shatto ("Shatto Letter").

<sup>10</sup> See Securities Exchange Act Release No. 67470, 77 FR 43620 (July 25, 2012) ("Order Instituting Proceedings").

<sup>11</sup> See letters from Janet McGinness, General Counsel, NYSE Markets, NYSE Euronext, to Elizabeth M. Murphy, Secretary, Commission, dated August 23, 2012 ("Arca August 23 Letter"); Joe Williamson, Senior Vice President, Strategic Sourcing, Southwire Company; Janet Sander, Vice President, Director of Purchasing, Encore Wire Corporation; Ron Beal, Executive Vice President, Tubes Division, Luvata; and Mark Woehnkler, President, Amrod Corp., to Elizabeth M. Murphy, Secretary, Commission, dated August 23, 2012 ("Copper Fabricators Letter"); Robert B. Bernstein, V&F, to Elizabeth M. Murphy, Secretary, Commission, dated August 24, 2012 ("V&F August 24 Letter"); and John G. Crowley, Davis Polk & Wardwell LLP ("DP"), on behalf of the Sponsor, to Elizabeth M. Murphy, Secretary, Commission, dated August 24, 2012 ("DP August 24 Letter"). In its August 24 Letter, V&F requested to make an oral presentation in the proceeding. See V&F August 24 Letter at 1. The Commission denied V&F's request. See letter from Kevin M. O'Neill, Deputy Secretary, Commission, to Robert B. Bernstein, Eaton & Van Winkle LLP ("EVW"), dated December 5, 2012, available at <http://www.sec.gov/comments/sr-nysearca-2012-28/nysearca201228.shtml>. By letter dated November 29, 2012, Mr. Bernstein informed the Commission that he had left V&F and would continue to represent Southwire Company, Encore Wire Corporation, Luvata, and Amrod Corp. (collectively, the "Copper Fabricators") and RK Capital LLC in this proceeding.

<sup>12</sup> See letters from Robert B. Bernstein, V&F, to Elizabeth M. Murphy, Secretary, Commission, dated September 10, 2012 ("V&F September 10 Letter"); John G. Crowley, DP, on behalf of the Sponsor, to Elizabeth M. Murphy, Secretary, Commission, dated September 10, 2012 ("DP September 10 Letter"); and John G. Crowley, DP, on behalf of the Sponsor, to Elizabeth M. Murphy, Secretary, Commission, dated September 12, 2012 ("DP September 12 Letter").

<sup>13</sup> 17 CFR 200.30-3(a)(12).

<sup>14</sup> 15 U.S.C. 78s(b)(1).

<sup>15</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 66816 (April 16, 2012), 77 FR 23772 ("Notice").

<sup>4</sup> See letter from Vandenberg & Felieu, LLP ("V&F"), received May 9, 2012 ("V&F May 9 Letter"). Comment letters are available at <http://www.sec.gov/comments/sr-nysearca-2012-28/nysearca201228.shtml>.

<sup>5</sup> See Securities Exchange Act Release No. 67075, 77 FR 33258 (June 5, 2012).

<sup>6</sup> See letter from Janet McGinness, General Counsel, NYSE Markets, NYSE Euronext, to Elizabeth M. Murphy, Secretary, Commission, dated June 19, 2012 ("Arca June 19 Letter").