

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 ICE Clear Europe and on ICE Clear Europe's Web site at https://www.theice.com/publicdocs/regulatory_filings/ICEU_SEC_121912_2012-21.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-ICEEU-2012-21 and should be submitted on or before January 22, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2012-31253 Filed 12-28-12; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68522; File No. SR-NYSE-2012-57]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change Deleting NYSE Rules 95(c) and (d) and Related Supplementary Material

December 21, 2012.

On October 26, 2012, New York Stock Exchange LLC (the "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to delete NYSE Rules 95(c) and (d) and related Supplementary Material. The proposed rule change was published for comment in the **Federal Register** on November 15, 2012.³ The

Commission received no comment letters on the proposal.

Section 19(b)(2) of the Act⁴ 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 for this filing is December 30, 2012. The Commission is extending this 45-day time period.

The Commission finds it 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, which would delete NYSE Rules 95(c) and (d) and related Supplementary Material, and the potential issues raised by this proposal.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,⁵ designates February 13, 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-NYSE-2012-57).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2012-31240 Filed 12-28-12; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68529; File No. SR-CME-2012-34]

Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing of Proposed Rule Change Related to the Liquidity Factor of CME's CDS Margin Methodology

December 21, 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 December 10, 2012, Chicago Mercantile Exchange Inc. ("CME") 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 primarily by CME. 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

CME proposes to make an adjustment to one particular component of its current CDS margin model. The text of the proposed rule change is below. *Italicized text indicates additions; bracketed text indicates deletions.*

* * * * *

CME CDS Liquidity Margin Factor Calculation Methodology

The Liquidity Factor will be calculated as the sum of two components:

(1) A concentration charge for market exposure as a function of absolute Spread DV01 (a portfolio sensitivity to 1% par spread shock); and

(2) A concentration charge for portfolio basis exposure as a function of Residual Spread DV01 (which is the difference between the Gross Spread DV01 and the Net Spread DV01 of the portfolio).

CME will also establish a floor component to the Liquidity Factor using the current Gross Notional Function with the following modifications: (1) the concentration scalar will be removed; and (2) the maximum DST would be replaced by series-tenor specific DST values based on the series and tenor of the relevant HY and IG positions, as applicable.

* * * * *

The text of the proposed change is also available at CME's Web site at <http://www.cmegroup.com>, at the principal office of CME, 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, CME 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. CME has prepared summaries, set forth in sections A, B,

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 68185 (November 8, 2012), 77 FR 68188.

⁴ 15 U.S.C. 78s(b)(2).

⁵ 15 U.S.C. 78s(b)(2).

⁶ 17 CFR 200.30-3(a)(31).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

and C below, of the most significant aspects of such statements.³

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

CME's currently approved credit default swap margin methodology utilizes a "multi-factor" portfolio model to determine margin requirements for credit default swap ("CDS") instruments. The model incorporates risk-based factors that are designed to represent the different risks inherent to CDS products. The factors are aggregated to determine the total amount of margin required to protect a portfolio against exposures resulting from daily changes in CDS spreads. For both total and minimum margin calculations, CME evaluates each CDS contract held within a portfolio. These positions are distinguished by the single name of the underlying entity, the CDS tenor, the notional amount of the position, and the fixed spread or coupon rate. For consistency, margins for CDS indices in a portfolio are handled based on the required margin for each of the underlying components of the index.

CME proposes to make an adjustment to one particular component of its current CDS margin model, the liquidity risk factor. This CDS margin model component is designed to capture the risk that concentrated positions may be difficult or costly to unwind following the default of a CDS clearing member.

The Liquidity Risk Factor in CME's Current CDS Margin Model

The current liquidity/concentration factor ("Liquidity Factor") of CME's margin methodology for a portfolio of CDS indices is the product of (1) the gross notional amount for each family (i.e., CDX IG or CDX HY) of CDS positions in a portfolio (2) the current bid/ask of the 5 year tenor of the "on the run" (OTR) contract (3) the Duration/Series/Tenor ("DST") factor and (4) a concentration factor based upon the gross notional for each of the CDX IG and CDX HY contracts ("Gross Notional Function"). The associated margin for a CDS portfolio attributed to the Liquidity Factor is the sum of the Liquidity Factor calculations for each family of CDS positions in the portfolio.

The calculation of the Liquidity Factor is based on the premise that the 5-year OTR index is the most liquid CDS index product. As such, the methodology is designed to evaluate the liquidity exposure of each position in a

CDS portfolio relative to the 5-year OTR index.

For each index family (i.e., CDX IG and CDX HY), a DST matrix is calculated based on the historical bid-ask averages of each cleared position relative to the OTR 5-year historical bid-ask averages. Then, the maximum DST values are used as the DST factors. Such maximum DST factors are then applied to the product of 5-year OTR bid-ask spread (adjusted for duration for CDX IG only) and the Gross Notional of all positions within each index family. The resulting products are further scaled by concentration factors in order to account for oversized (as measured by Gross Notional) portfolios. The concentration factors are based on exponential functions of the Gross Notional of each index family in a given portfolio.

Proposed Changes to the Liquidity Risk Factor

As liquidation costs are dependent on the risk in a portfolio, CME is proposing to use an index portfolio's market risk rather than its gross notional as the basis for determining the margins associated with the Liquidity Factor. The proposed changes would calculate the Liquidity Factor as the sum of two components:

(1) A concentration charge for market exposure as a function of absolute Spread DV01 (a portfolio sensitivity to 1% par spread shock); and

(2) A concentration charge for portfolio basis exposure as a function of Residual Spread DV01 (which is the difference between the Gross Spread DV01 and the Net Spread DV01 of the portfolio).

CME expects that these proposed changes would not generally impact smaller portfolios whose liquidation costs are driven by the market bid/ask spread rather than by the cost of hedging, and are therefore adequately captured by the existing Liquidity Factor methodology. To account for the risks associated with such smaller portfolios, CME also proposes to establish a floor component to the Liquidity Factor using the current Gross Notional Function described above with the following modifications: (1) the concentration scalar would be removed as concentration risk would already be accounted for by the concentration charge component outlined above; and (2) the maximum DST would be replaced by series-tenor specific DST values based on the series and tenor of the relevant HY and IG positions, as applicable. CME expects that large (by notional amount) portfolios will be impacted by the proposed changes more than smaller portfolios.

The proposed liquidity risk factor model adjustments do not require any changes to rule text in the CME rulebook and do not necessitate any changes to CME's CDS Manual of Operations. The change will be announced to CDS market participants in an advisory notice that will be issued prior to implementation.

CME believes the proposed rule changes are consistent with the requirements of the Exchange Act including Section 17A of the Exchange Act.⁴ The enhancements to CME's current CDS margin methodology will facilitate the prompt and accurate settlement of security-based swaps and contribute to the safeguarding of securities and funds associated with security-based swap transactions. CME believes the proposed rule changes accomplish those objectives because the changes are designed to incorporate how the liquidity risk factor is affected by not only portfolio concentration based on gross notional, but also the composition of the portfolio based on an underlying strategy. CME believes the proposed rule changes would also better align CME's margin methodology with the liquidity profile of the actual instruments in the portfolio.

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

CME does not believe that the proposed rule change will 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

CME has not solicited comments regarding this proposed rule change. CME has not received any unsolicited written comments from interested parties.

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 up to 90 days (i) as the Commission may designate 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 the proposed rule change or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

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

⁴ 15 U.S.C. 78q-1.

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-CME-2012-34 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-CME-2012-34. 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 CME and on CME's Web site at http://www.cmegroup.com/market-regulation/files/SEC_19B-4_12-34.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-CME-2012-34 and should be submitted on or before January 22, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012-31241 Filed 12-28-12; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68526; File No. SR-FINRA-2012-010]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change To Amend FINRA Rule 6440 (Trading and Quotation Halt in OTC Equity Securities)

December 21, 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 December 20, 2012, Financial Industry Regulatory Authority, Inc. ("FINRA") 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 FINRA.

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

FINRA is proposing to amend FINRA Rule 6440 (Trading and Quotation Halt in OTC Equity Securities) to clarify that FINRA may (1) initiate a trading and quotation halt in an OTC Equity Security upon notice of a foreign regulatory halt for news pending, including notice from a reliable third-party source; (2) continue to halt trading and quoting in such OTC Equity Security until notice from the appropriate foreign regulatory authority is received that it has or intends to resume trading in the security, even if such halt is longer than 10 business days; and (3) extend a halt initiated under Rule 6440(a)(3) for an extraordinary event beyond 10 business days if it determines that the basis for the halt still exists.

The text of the proposed rule change is 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.

⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

In its filing with the Commission, FINRA 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. FINRA 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

FINRA Rule 6440 (Trading and Quotation Halt in OTC Equity Securities) provides FINRA with the authority to initiate a trading and quotation halt for OTC Equity Securities.³ Generally, Rule 6440(a) provides that, in circumstances where it is necessary to protect investors and the public interest, FINRA may direct members to halt trading and quotations of an OTC Equity Security when: (1) A foreign securities exchange or market halts trading in its market, for regulatory reasons, in an OTC Equity Security or the security underlying an American Depository Receipt ("ADR") that is an OTC Equity Security ("OTC ADR") that is listed on or registered with such foreign securities exchange or market, except that FINRA will not impose halts if the foreign halt was imposed solely for material news, a regulatory filing deficiency or operational reasons ("Foreign Regulatory Halt"); (2) a national securities exchange or foreign securities exchange halts trading in a listed security of which the OTC Equity Security or the security underlying the OTC ADR is a derivative or component ("Derivative Halt"); or (3) FINRA determines an extraordinary event has occurred or is ongoing that has a material effect on the market for the OTC Equity Security, or has the potential to cause major disruption to the marketplace or significant uncertainty in the settlement and clearing process ("Extraordinary Event Halt"). Pursuant to Rule 6440(b)(3), FINRA has authority to halt trading and quotations in the OTC market pursuant

³ "OTC Equity Security" means any equity security that is not an "NMS stock" as that term is defined in Rule 600(b)(47) of SEC Regulation NMS; provided, however, that the term "OTC Equity Security" shall not include any Restricted Equity Security. See FINRA Rule 6420(f).