

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68757; File No. SR-ICEEU-2012-08]

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Withdrawal of Proposed Rule Change To Clear Western European Sovereign CDS Contracts

January 29, 2013.

On October 15, 2012, ICE Clear Europe Limited (“ICE Clear Europe”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934¹ and Rule 19b-4 thereunder,² a proposed rule change to provide for the clearing of Western European Sovereign credit default swap contracts on the following sovereign reference entities: Republic of Ireland, Italian Republic, Hellenic Republic, Portuguese Republic, and Kingdom of Spain. Notice of the proposed rule change was published in the **Federal Register** on November 2, 2012.³ The Commission received one comment on the proposed rule change.⁴

On December 14, 2012, the Commission extended the time period in which to either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change, to January 31, 2013.⁵ On January 24, 2013, ICE Clear Europe withdrew the proposed rule change (SR-ICEEU-2012-08).

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

Kevin M. O’Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68760; File No. SR-ISE-2013-05]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Certain Market Maker Fees

January 29, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 17, 2013, the International Securities Exchange, LLC (the “Exchange” or the “ISE”) filed with the Securities and Exchange Commission the proposed rule change, as described in Items I, II, and III below, which items have been prepared by the self-regulatory organization. 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 the Substance of the Proposed Rule Change

The ISE proposes to amend its Schedule of Fees. The text of the proposed rule change is available on the Exchange’s Web site (<http://www.ise.com>), 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 self-regulatory organization 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 currently assesses per contract transaction fees and provides rebates to market participants that add or remove liquidity from the Exchange

(“maker/taker fees and rebates”) in a number of options classes (the “Select Symbols”).³ The Exchange’s maker/taker fees and rebates are applicable to regular and complex orders executed in the Select Symbols. The Exchange also currently assesses maker/taker fees and rebates for complex orders in symbols that are in the Penny Pilot program but are not a Select Symbol (“Non-Select Penny Pilot Symbols”) ⁴ and for complex orders in all symbols that are not in the Penny Pilot Program (“Non-Penny Pilot Symbols”).⁵

The purpose of this proposed rule change is to increase the discount for Market Makers ⁶ when they trade against Priority Customer ⁷ orders that are preferred to them to \$0.05 per contract from the fee charged to Market Makers who trade against Priority Customer orders that are not preferred to them. This discount is currently set at \$0.02 per contract and is applicable when Market Makers add or remove liquidity in the Select Symbols (excluding SPY), in SPY, in the Non-Select Penny Pilot Symbols and in the Non-Penny Pilot Symbols from the complex order book.⁸ Accordingly, Market Makers that add or remove liquidity from the complex order book by trading against Priority Customer complex orders that are preferred to them will be charged: (i) \$0.34 per contract in the Select Symbols (including SPY) and in the Non-Select Penny Pilot Symbols; and (ii) \$0.77 per contract in the Non-Penny Pilot Symbols.

³ Options classes subject to maker/taker fees and rebates are identified by their ticker symbol on the Exchange’s Schedule of Fees.

⁴ See Exchange Act Release Nos. 65724 (November 10, 2011), 76 FR 71413 (November 17, 2011) (SR-ISE-2011-72); and 66961 (May 10, 2012), 77 FR 28914 (May 16, 2012) (SR-ISE-2012-38).

⁵ See Exchange Act Release Nos. 66084 (January 3, 2012), 77 FR 1103 (January 9, 2012) (SR-ISE-2011-84); 66392 (February 14, 2012), 77 FR 10016 (February 21, 2012) (SR-ISE-2012-06); 66961 (May 10, 2012), 77 FR 28914 (May 16, 2012) (SR-ISE-2012-38); and 67400 (July 11, 2012), 77 FR 42036 (July 17, 2012) (SR-ISE-2012-63).

⁶ The term “Market Makers” refers to “Competitive Market Makers” and “Primary Market Makers” collectively. See ISE Rule 100(a)(25).

⁷ A Priority Customer is defined in ISE Rule 100(a)(37A) as a person or entity that is not a broker/dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

⁸ The current \$0.02 per contract discount also applies to a group of symbols in which Market Makers can enter quotes in the complex order book (“Complex Quoting Symbols”). The discount applicable to the Complex Quoting Symbols is found on the Exchange’s Schedule of Fees. See Section II. Complex Order Fees and Rebates, footnote 4. This proposed rule change also applies to the Complex Quoting Symbols.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

⁵ See Securities Exchange Act Release No. 34-68437 (December 14, 2012), 77 FR 75466 (December 20, 2012).

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.