

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-NASDAQ-2013-014* and should be submitted on or before March 5, 2013.

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

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

[FR Doc. 2013-03098 Filed 2-11-13; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68843; File No. SR-C2-2013-003]

### Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to the Opening of the Complex Order Book

February 6, 2013.

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 January 28, 2013, C2 Options Exchange, Incorporated (the "Exchange" or "C2") 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 Exchange has designated the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)

of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder, which renders it effective upon filing with the Commission.<sup>4</sup> 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 amend its complex order rules. The text of the proposed rule change is available on the Exchange's Web site (<http://www.c2exchange.com/Legal/RuleFilings.aspx>), 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 those 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 parts 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 proposed rule change is to include a description in Rule 6.13 of the manner in which complex orders are currently processed through the Exchange's complex order book ("COB") when the COB opens for trading. Currently the rule does not include this level of detail, so the Exchange is proposing to include this information within the rule to provide additional clarity on the current operation of the COB in response to Trading Permit Holder inquiries about its operation. The Exchange notes that it is simply including additional detail in its rules on the existing process when the COB opens. No changes to the process are being contemplated by this rule change filing.

In particular, the proposed rule change will provide that complex orders, including stock-option orders, do not participate in opening rotations conducted pursuant to Rule 6.11 for

individual option series.<sup>5</sup> When the last of the individual component option series legs that make up a complex order strategy has opened (and, in the case of a stock-option strategy, when the underlying stock has opened), the COB for that strategy will then open for trading. The COB for a given complex order strategy will open with no trade,<sup>6</sup> except as follows:

First, the COB will open with a trade against the individual component option series legs if there are complex orders on only one side of the COB that are marketable against the opposite side of the derived net market. The resulting execution will occur at the derived net market price to the extent marketable. Any remaining balance would be processed as it would on an intra-day basis as set forth in Rule 6.13 (including being subject to the applicable complex order priority and price check parameter provisions set forth in Rule 6.13). This provision for "legging" against the individual series legs is not applicable to stock-option order strategies. (Stock-option orders processed through COB generally only trade against other stock-option orders. Stock-option orders processed through COB generally do not trade against individual component option series legs, except in one limited circumstance for market orders at the conclusion of a complex order RFQ auction ("COA").<sup>7</sup>)

For example, if the derived net market for a given complex order strategy is \$1.00-\$1.20 for 100 units and the only interest in the COB is a complex order to buy the strategy at a net debit price

<sup>5</sup> The Exchange notes that, under the current provisions of Rule 6.11, the Exchange could determine whether to designate various complex order types as eligible for the Rule 6.11 opening process on a class-by-class basis (just as it would for any other order type). See Rule 6.11(a)(1). To date, the Exchange has not determined to include complex orders (including stock-option orders) in the Rule 6.11 opening process (this process has instead been limited to simple orders). With this proposed rule change, SR-C2-2013-003, the Exchange would no longer be permitted to designate complex order (including stock-option order) order types as eligible for the Rule 6.11 opening process. If, in the future, the Exchange would desire to designate certain complex order (including stock-option order) order types as being eligible to participate in the Rule 6.11 opening process, such a determination would be subject to a separate rule change filing.

<sup>6</sup> For example, the COB would move to an open state with no trade if there are no complex orders resting for the strategy or if there are complex orders on only one side of the COB at a net price(s) that does not touch or cross the derived net market. The "derived net market" for a stock-option order strategy will be calculated using the Exchange's best bid or offer in the individual option series leg(s) and the NBBO in the stock leg. The "derived net market" for any other complex order strategy will be calculated using the Exchange's best bid or offer in the individual series legs.

<sup>7</sup> See Rule 6.13.06.

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

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

of \$1.21 for 120 units, then 100 units of the complex order would trade at a net price of \$1.20 against the individual component series legs and the remaining 20 units of the complex order would be subject to processing under Rule 6.13 (e.g., remain in the COB if not marketable against the individual orders and quotes in the electronic book or other complex orders in the COB, execute or cancel if marketable subject the applicable priority and price check parameters).

Second, the COB will open with a trade against complex orders if there are complex orders on both sides of the COB that are marketable against each other and that are priced within the derived net market. The resulting execution will occur at a market clearing price that is inside the derived net market and that matches complex orders to the extent marketable. In determining the priority, the COB gives priority to complex orders whose net price is better than the market clearing price first, and then to complex orders at the market clearing price.<sup>8</sup> This provision for complex orders to trade against each other is applicable to stock-option order strategies.

For example, assume the derived net market for a given complex order strategy is \$1.00–\$1.20 for 100 units and there is a complex order in the COB to *sell* the strategy at a net credit price of \$1.19 for 20 units, a complex order in the COB to *sell* the strategy at a net credit price of \$1.18 for 10 units, and a complex order in COB to *buy* the strategy at a net debit price of \$1.19 for 50 units. When the COB opens, 30 units of the buy strategy would trade at a net price of \$1.19 against the two sell strategies. The remaining 20 units of the buy strategy would be subject to processing under Rule 6.13 (e.g., remain in the COB if not marketable against the individual orders and quotes in the electronic book or other complex orders in the COB, execute or cancel if marketable subject the applicable priority and price check parameters).

As another example, if the derived net market for a given stock-option order strategy is \$5.00–\$5.20 for 100 units and there is a stock-option order in the COB to sell the strategy at a net credit price of \$5.19 for 20 units, a stock-option order in the COB to sell the

strategy at a net credit price of \$5.18 for 10 units, and a stock-option order in COB to buy the strategy at a net debit price of \$5.19 for 50 units, then 30 units of the buy strategy would trade at a net price of \$5.19 against the two sell strategies. The remaining 20 units of the buy strategy would be subject to processing under Rule 6.13 (e.g., remain in the COB if not marketable against the derived net market (considering the individual orders and quotes in the electronic book for the component options series legs and the NBBO in the stock leg) or other stock-option orders in the COB, or execute or route for manual processing if marketable subject the applicable priority and price check parameters).

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act<sup>9</sup> in general and furthers the objectives of Section 6(b)(5) of the Act<sup>10</sup> in particular in that it should promote just and equitable principles of trade, serve to remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest. In particular, the Exchange believes that including detail within the rules should provide additional clarity and avoid any confusion on the current operation of the COB open. The Exchange also believes that the operation of the COB increases opportunities for all types of market participants (e.g., public customers, broker-dealers and market-makers) to participate in the trading of complex orders. This participation may promote liquidity and result in better prices for customers throughout the trading day, including when the COB opens.

### 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. As noted above, the Exchange believes that including detail within the rules should provide additional clarity and avoid any confusion on the current operation of the COB open. The Exchange also believes that the operation of the COB increases opportunities for all types of market participants (e.g., public customers, broker-dealers and market-makers) to participate in the trading of complex orders. This participation may promote liquidity and result in better

prices for customers throughout the trading day, including when the COB opens.

### 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 proposal.

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

Because the foregoing rule does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>11</sup> and Rule 19b-4(f)(6) thereunder.<sup>12</sup>

At any time within 60 days of the filing of such 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.

## 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-C2-2013-003 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-C2-2013-003. 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

<sup>8</sup>This "market clearing price" process for executing complex orders when the COB opens is similar to the process for executing simple orders when an individual component options series opens. See Rule 6.11(g)(1) ("In determining the priority of orders and quotes to be traded at a single clearing price, the System gives priority to market orders first, then to limit orders and quotes whose price is better than the opening price, and then to resting orders and quotes at the opening price.")

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

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-C2-2013-003 and should be submitted on or before March 5, 2013.

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. 2013-03102 Filed 2-11-13; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68840; File No. SR-BX-2013-008]

### Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Add Routing Functionality to the NASDAQ OMX BX Equities Market

February 6, 2013.

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 January 23, 2013, NASDAQ OMX BX, Inc. ("BX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 proposes to add routing functionality to the NASDAQ OMX BX Equities Market.

The text of the proposed rule change is below; proposed new language is italicized.

\* \* \* \* \*

##### 4700. The NASDAQ OMX BX Equities Market

\* \* \* \* \*

##### 4750. Execution Services

\* \* \* \* \*

##### 4758. Order Routing

(a) Order Routing Process  
(1) No change.  
(A) No change.  
(i)-(vii) No change.  
(viii) *BDRK is a routing option under which orders check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table that are not posting Protected Quotations within the meaning of Regulation NMS. If shares remain un-executed after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.*

(ix) *BCST is a routing option under which orders check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table that are not posting Protected Quotations within the meaning of Regulation NMS and to certain, but not all, exchanges. If shares remain un-executed after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.*

(B) No change.  
(b)-(d) No change.

\* \* \* \* \*

#### 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 the proposed rule change is to attract additional business to and enhance the functionality offered by the Exchange's NASDAQ OMX BX Equities Market by providing additional optional outbound routing services. Most equities exchanges today provide routing services and the Exchange offers a variety of routing strategies. Currently, Rule 4758, Order Routing, describes the order routing process and states that all routing shall be in compliance with Rule 611 of Regulation NMS under the Act.<sup>3</sup> Furthermore, it enumerates BX's routing strategies: BSTG, BSKN, BSCN, BSKP, BTFY, BMOP and BCRT.

Proposed Rule 4758(a)(1)(A)(viii) will provide that BDRK is a routing option under which orders check the System for available shares and simultaneously route to certain destinations on the System routing table that are not posting Protected Quotations within the meaning of Regulation NMS (i.e. "dark venues" or "dark pools"). If shares remain un-executed after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center. This strategy is intended to attract market participants that seek to execute on BX or on dark pools without executing on another exchange. Members may seek to execute in this manner to interact with resting liquidity in addition to that available on BX, while also minimizing market impact and transaction fees.

For example, if the National Best Bid/Offer ("NBBO") is \$10.00-\$10.01, and BX, DarkVenueA and ARCA each offer 100 shares at \$10.01, a BDRK order to buy 1000 shares at \$10.01 IOC will be handled as follows: 100 shares for execution on BX and 100 shares routed to DarkVenue A simultaneously at \$10.01; the remaining 800 shares are not routed and not executed, and cancelled back to the entering participant because it was an IOC order. The order did not route to ARCA because it is not a dark venue. As a second example, if the NBBO is \$10.00-\$10.01, and BX, DarkVenueA and ARCA each offer 100 shares at \$10.01, a BDRK order to buy 1000 shares at \$10.01 DAY will be

<sup>3</sup> 17 CFR 242.611.

<sup>13</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.