

the obvious error rule, including data relevant to assessing the various analyses noted above. On April 4, 2013, the Exchange submitted a letter stating that it would provide specific data to the Commission and the public and certain analysis to the Commission to evaluate the impact of Limit States and Straddle States on liquidity and market quality in the options markets.<sup>44</sup> This will allow the Commission, the Exchange, and other interested parties to evaluate the quality of the options markets during Limit States and Straddle States and to assess whether the additional protections noted by the Exchange are sufficient safeguards against the submission of erroneous trades, and whether the Exchange's proposal appropriately balances the protection afforded to an erroneous order sender against the potential hazards associated with providing market participants additional time to review trades submitted during a Limit State or Straddle State.

<sup>44</sup> In particular, the Exchange represented that, at least two months prior to the end of the one year pilot period of proposed Interpretation and Policy .06 to Rule 6.25, it would provide to the Commission an evaluation of (i) the statistical and economic impact of Straddle States on liquidity and market quality in the options market and (ii) whether the lack of obvious error rules in effect during the Limit States and Straddle States are problematic. In addition, the Exchange represented that each month following the adoption of the proposed rule change it would provide to the Commission and the public a dataset containing certain data elements for each Limit State and Straddle State in optionable stocks. The Exchange stated that the options included in the dataset will be those that meet the following conditions: (i) the options are more than 20% in the money (strike price remains greater than 80% of the last stock trade price for calls and strike price remains greater than 120% of the last stock trade price for puts when the Limit State or Straddle State is reached); (ii) the option has at least two trades during the Limit State or Straddle State; and (iii) the top ten options (as ranked by overall contract volume on that day) meeting the conditions listed above. For each of those options affected, each dataset will include, among other information: stock symbol, option symbol, time at the start of the Limit State or Straddle State and an indicator for whether it is a Limit State or Straddle State. For activity on the exchange in the relevant options, the Exchange has agreed to provide executed volume, time-weighted quoted bid-ask spread, time-weighted average quoted depth at the bid, time-weighted average quoted depth at the offer, high execution price, low execution price, number of trades for which a request for review for error was received during Straddle States and Limit States, an indicator variable for whether those options outlined above have a price change exceeding 30% during the underlying stock's Limit State or Straddle State compared to the last available option price as reported by OPRA before the start of the Limit or Straddle state (1 if observe 30% and 0 otherwise), and another indicator variable for whether the option price within five minutes of the underlying stock leaving the Limit State or Straddle State (or halt if applicable) is 30% away from the price before the start of the Limit State or Straddle state. See CBOE Letter, *supra* note 6.

In addition, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act<sup>45</sup> for approving the proposed rule change on an accelerated basis. This proposal is related to the Plan, which will become operative on April 8, 2013, and aspects of the proposal, such as rejecting market orders and not electing Stop Orders during a limit up-limit down state, are designed to prevent such orders from receiving poor executions during those times. In granting accelerated approval, the proposed rule change, and its corresponding protections, will take effect upon the Plan's implementation date. Accordingly, the Commission finds that good cause exists for approving the proposed rule change on an accelerated basis.

#### V. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>46</sup> that the proposed rule change (SR-CBOE-2013-030), as modified by Amendments Nos. 1 and 2, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>47</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69318; File No. SR-CTA/CQ-2013-02]

#### Consolidated Tape Association; Notice of Filing and Immediate Effectiveness of the Seventeenth Charges Amendment to the Second Restatement of the CTA Plan and Ninth Charges Amendment to the Restated CQ Plan

April 5, 2013.

Pursuant to Section 11A of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 608 thereunder,<sup>2</sup> notice is hereby given that on March 27, 2013, the Consolidated Tape Association ("CTA") Plan and Consolidated Quotation ("CQ") Plan participants ("Participants")<sup>3</sup> filed with

<sup>45</sup> 15 U.S.C. 78s(b)(2)

<sup>46</sup> 15 U.S.C. 78s(b)(2).

<sup>47</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 242.608.

<sup>3</sup> The Participants are: BATS Exchange, Inc., BATS-Y Exchange, Inc., Chicago Board Options Exchange, Incorporated, Chicago Stock Exchange, Inc., EDGA Exchange, Inc. ("EDGA"), EDGX Exchange, Inc. ("EDGX"), Financial Industry

the Securities and Exchange Commission ("Commission") a proposal to amend the Second Restatement of the CTA Plan and Restated CQ Plan (collectively, the "Plans").<sup>4</sup> The proposal represents the seventeenth charges amendment to the CTA Plan and the ninth charges amendment to the CQ Plan ("Amendments") and delays the effective date for the change to the Network B interrogation device fee payable in respect of professional subscribers.<sup>5</sup>

Pursuant to Rule 608(b)(3)(ii) under the Act,<sup>6</sup> the Participants designated the Amendments as concerned solely with the administration of the Plans. As a result, the Amendments are effective upon filing with the Commission. At any time within 60 days of the filing of the Amendments, the Commission may summarily abrogate the Amendments and require that the Amendments be refiled in accordance with paragraph (a)(1) of Rule 608 and reviewed in accordance with paragraph (b)(2) of Rule 608, if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system or otherwise in furtherance of the purposes of the Act. The Commission is publishing this notice to solicit comments from interested persons on the proposed Amendments.

Regulatory Authority, Inc. ("FINRA"), International Securities Exchange, LLC, NASDAQ OMX BX, Inc. ("Nasdaq BX"), NASDAQ OMX PHLX, Inc. ("Nasdaq PSX"), Nasdaq Stock Market LLC, National Stock Exchange, New York Stock Exchange LLC ("NYSE"), NYSE MKT LLC (formerly NYSE Amex, Inc.), and NYSE Arca, Inc. ("NYSE Arca"). Because the proposal constitutes a Ministerial Amendment under both clause (1) of Section IV(b) of the CTA Plan and clause (1) of Section IV(c) of the CQ Plan, the Chairman of CTA and the CQ Plan's Operating Committee may submit the proposal on behalf of the Participants.

<sup>4</sup> See Securities Exchange Act Release Nos. 10787 (May 10, 1974), 39 FR 17799 (May 20, 1974) (declaring the CTA Plan effective); 15009 (July 28, 1978), 43 FR 34851 (August 7, 1978) (temporarily authorizing the CQ Plan); and 16518 (January 22, 1980), 45 FR 6521 (January 28, 1980) (permanently authorizing the CQ Plan). The most recent restatement of both Plans was in 1995. The CTA Plan, pursuant to which markets collect and disseminate last sale price information for non-NASDAQ listed securities, is a "transaction reporting plan" under Rule 601 under the Act, 17 CFR 242.601, and a "national market system plan" under Rule 608 under the Act, 17 CFR 242.608. The CQ Plan, pursuant to which markets collect and disseminate bid/ask quotation information for listed securities, is a "national market system plan" under Rule 608 under the Act, 17 CFR 242.608.

<sup>5</sup> See Securities Exchange Act Release No. 69157 (March 18, 2013), 78 FR 17946 (March 25, 2013).

<sup>6</sup> 17 CFR 242.608(b)(3)(ii).

**I. Rule 608(a)****A. Description and Purpose of the Amendments**

On March 11, 2013, the Participants filed for immediate effectiveness the Sixteenth Charges Amendment to the Second Restatement of the CTA Plan and the Eighth Charges Amendment to the Restated CQ Plan.<sup>7</sup> These two amendments (“Fee Change Amendments”) made a number of changes to the fees payable under the Plans in an effort to achieve greater simplicity and to reduce administrative burdens. Among those fee changes, the Fee Change Amendments combined separate monthly device fees that professional subscribers pay for Network B last sale information under the CTA Plan and for Network B quotation information under the CQ Plan into one monthly fee of \$24.00 per device for both last sale information and quotation information.

The Fee Change Amendments stated that the Participants anticipated implementing the proposed fee changes in 2013, without specifying a date. In the notice that the Participants sent to the industry, they specified April 1, 2013, as the date the Fee Change Amendments would be implemented.<sup>8</sup>

Subsequently, due to the technical needs of data recipients to make systems changes to accommodate the revised fee, the Participants decided to extend the effective date for implementation of the combined Network B \$24.00 device fee to July 1, 2013, and therefore submitted the Amendments. The effective date for the changes to the Network A device fees and the other changes set forth in the Fee Change Amendments remains April 1, 2013. The Amendments do not change the language of the CTA Plan or of its fee schedule.

**B. Additional Information Required by Rule 608(a)**

1. Governing or Constituent Documents  
Not applicable.

2. Implementation of the Amendments

Because the Amendments constitute “Ministerial Amendments” under clause (1) of Section IV(b) of the CTA Plan and clause (1) of Section IV(c) of the CQ Plan, the Chairman of CTA and the CQ Plan’s Operating Committee may submit the Amendments to the Commission on behalf of the

Participants in the CTA Plan and the CQ Plan. Because the Participants designate the Amendments as concerned solely with the administration of the Plans, the Amendments are effective upon filing with the Commission.

3. Development and Implementation Phases

See Item I(B)(2) above.

4. Analysis of Impact on Competition

The proposed amendments do not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Participants do not believe that the Amendments introduce terms that are unreasonably discriminatory for the purposes of Section 11A(c)(1)(D) of the Act.

5. Written Understanding or Agreements Relating to Interpretation of, or Participation in, Plan

Not applicable.

6. Approval by Sponsors in Accordance With Plan

See Item I(B)(2) above.

7. Description of Operation of Facility Contemplated by the Proposed Amendments

a. Terms and Conditions of Access

See Item I(A) above.

b. Method of Determination and Imposition, and Amount of, Fees and Charges

See Item I(A) above.

c. Method of Frequency of Processor Evaluation

Not applicable.

d. Dispute Resolution

Not applicable.

**II. Rule 601(a) (Solely in Its Application to the Amendments to the CTA Plan)**

**A. Equity Securities for Which Transaction Reports Shall Be Required by the Plan**

Not applicable.

**B. Reporting Requirements**

Not applicable.

**C. Manner of Collecting, Processing, Sequencing, Making Available and Disseminating Last Sale Information**

Not applicable.

**D. Manner of Consolidation**

Not applicable.

**E. Standards and Methods Ensuring Promptness, Accuracy and Completeness of Transaction Reports**

Not applicable.

**F. Rules and Procedures Addressed to Fraudulent or Manipulative Dissemination**

Not applicable.

**G. Terms of Access to Transaction Reports**

Not applicable.

**H. Identification of Marketplace of Execution**

Not applicable.

**III. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed Amendments to the CTA Plan are 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–CTA/CQ–2013–02 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–CTA/CQ–2013–02. 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 Amendments that are filed with the Commission, and all written communications relating to the Amendments 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

<sup>7</sup> See *supra* note 5.

<sup>8</sup> See email from Steve Abrams, Counsel to the CTA, to Kathy England and Natasha Cowen, Securities and Exchange Commission, April 3, 2013 (clarifying implementation dates applicable to the Fee Change Amendments).

3:00 p.m. Copies of the Amendments also will be available for inspection and copying at the principal office of the CTA.

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-CTA/CQ-2013-02 and should be submitted on or before May 2, 2013.

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. 34-69325; File No. SR-NYSEArca-2013-17]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Change Amending Its Rules To Reflect the Merger of NYSE Arca Holdings, Inc., An Intermediate Holding Company, Into and With NYSE Group, Inc., Thereby Eliminating NYSE Arca Holdings, Inc. From the Ownership Structure of the Exchange

April 5, 2013.

#### I. Introduction

On February 7, 2013, NYSE Arca, Inc. ("NYSE Arca" or "Exchange") 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> proposed rule changes to reflect the merger of NYSE Arca Holdings, Inc. ("NYSE Arca Holdings"), an intermediate holding company, into and with NYSE Group, Inc. ("NYSE Group"), thereby eliminating NYSE Arca Holdings from the ownership structure of the Exchange (the "Merger"). The proposed rule changes were published for comment in the *Federal Register* on February 26, 2013.<sup>3</sup> The Commission received no comment letters on the proposal. The Commission has reviewed carefully the proposed rule changes and finds that the proposed rule changes are consistent

with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>4</sup> This order approves the proposed rule changes.

#### II. Description

NYSE Euronext intends to merge NYSE Arca Holdings with and into NYSE Group, effective following approval of the proposed rule changes.<sup>5</sup> According to the Exchange, the reason for the Merger is to eliminate an unnecessary intermediate holding company.<sup>6</sup> Following the Merger, the Exchange would be wholly-owned by NYSE Group (as its two affiliate exchanges, New York Stock Exchange LLC ("NYSE") and NYSE MKT LLC ("NYSE MKT"), are), which in turn would be wholly-owned by NYSE Euronext.

The Exchange has submitted its proposal to (i) delete in its entirety the Second Amended and Restated Certificate of NYSE Arca Holdings (the "NYSE Arca Holdings Certificate"), (ii) delete in its entirety the Amended and Restated Bylaws of NYSE Arca Holdings ("NYSE Arca Holdings Bylaws"); (iii) amend the rules of NYSE Arca, Inc. ("NYSE Arca"); (iv) amend the Bylaws of NYSE Arca ("NYSE Arca Bylaws"); and (v) file the resolution (the "Resolution") of the Board of Directors of NYSE Arca (the "NYSE Arca Board") in connection with the Merger.

Section 19(b) of the Act and Rule 19b-4 thereunder require a self-regulatory organization ("SRO") to file proposed rule changes with the Commission. Although NYSE Arca Holdings is not an SRO, the NYSE Arca Holdings Certificate and NYSE Arca Holdings Bylaws, along with other corporate documents, are rules of the Exchange<sup>7</sup> and must be filed with the Commission pursuant to Section 19(b)(4) of the Act and Rule 19b-4 thereunder. Accordingly, the Exchange filed the NYSE Arca Holdings Certificate and NYSE Arca Holdings Bylaws with the Commission, along with other corporate governance documents.<sup>8</sup>

<sup>4</sup> In approving the proposed rule changes, the Commission has considered their impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>5</sup> Currently, NYSE Arca Holdings, Inc. owns all of the equity interest of the Exchange. NYSE Group owns all of the equity interest of NYSE Arca Holdings. NYSE Euronext owns all of the equity interest of NYSE Group.

<sup>6</sup> See Notice, *supra* note 3, at 13103.

<sup>7</sup> See Section 3(a)(27) of the Act, 15 U.S.C. 78c(a)(27).

<sup>8</sup> The Exchange proposes to delete the entirety of the Second Amended and Restated Certificate of Incorporation of NYSE Arca Holdings and the

The proposed rule changes reflect the elimination of NYSE Arca Holdings from the Exchange's ownership structure and delete duplicative or obsolete text. For example, the Exchange proposes to replace references to NYSE Arca Holdings in Sections 2.01 and 3.13 of the NYSE Arca Bylaws with references to NYSE Group.<sup>9</sup> The Exchange also proposes to delete Sections 2.02, 2.04 and 2.05 of the NYSE Arca Bylaws which relate to scheduling meetings of the Holding Member. The Exchange states that the Second Amended and Restated Bylaws of NYSE Group already include provisions for meetings of NYSE Group's stockholders and Board of Directors.<sup>10</sup> The Exchange also represents that the operating agreements of the Exchange's affiliated SROs, the NYSE and NYSE MKT, do not contain provisions relating to annual meetings of NYSE Group.<sup>11</sup>

The Exchange proposes to amend Section 3.02(f) of the NYSE Arca Bylaws to provide that, except as otherwise provided in the NYSE Arca Bylaws or rules, the Holding Member shall nominate directors for election at the Holding Member's annual meeting.<sup>12</sup> The Exchange notes that the NYSE Arca Bylaws and rules do not have any other provisions concerning the nomination of non-fair representation directors.<sup>13</sup> Accordingly, this proposed rule change will not have any impact on the current process for the nomination and selection of fair representation directors of the Exchange and NYSE Arca Equities, Inc. ("NYSE Arca Equities").<sup>14</sup>

#### III. Discussion

The Commission finds that the proposed rule changes are consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities

Amended and Restated Bylaws of NYSE Arca Holdings, attached as Exhibit A and Exhibit B, respectively, to the Notice. The Exchange also filed the proposed rule changes to its rules as the proposed Amended and Restated NYSE Arca Bylaws and rules, attached as Exhibit C and Exhibit D, respectively, to the Notice. The Exchange also filed the Resolution as Exhibit E to the Notice. These exhibits are available on the Commission's Web site (<http://www.sec.gov/rules/sro.shtml>) and at the Commission's Public Reference Room.

<sup>9</sup> As a result of this change NYSE Group will replace NYSE Arca Holdings as the "Holding Member" for purposes of the NYSE Arca Bylaws.

<sup>10</sup> See Notice, *supra* note 3, at 13104.

<sup>11</sup> See *id.*

<sup>12</sup> Currently, Section 3.02(f) provides that "[e]xcept as otherwise provided in these Bylaws or the Rules, the Nominating Committee of NYSE Arca Holdings, Inc. Holding Member shall nominate directors for election at the annual meeting of the Holding Member."

<sup>13</sup> See Notice, *supra* note 3, at 13104.

<sup>14</sup> See Notice, *supra* note 3 at 13104.

<sup>9</sup> 17 CFR 200.30-3(a)(27).

<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. 68959 (February 20, 2013), 78 FR 13103 ("Notice").