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 require that each listed company establish and maintain an internal audit function to provide management and the audit committee with ongoing assessments of that company's risk management processes and system of internal control. The proposed rule change was published for comment in the **Federal Register** on March 8, 2013.[3] On April 18, 2013, 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 June 6, 2013.[4]

The Commission received 42 comment letters on the proposal.[5]

On May 7, 2013, NASDAQ withdrew the proposed rule change (SR–NASDAQ–2013–032).[6]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[7]

Kevin M. O'Neill,

Deputy Secretary.

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[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 69030 (Mar. 4, 2013), 78 FR 15075.

[4] *See* Securities Exchange Act Release No. 69402, 78 FR 24281 (Apr. 24, 2013).

[5] *See* Letter from William F. Derbyshire, dated Mar. 5, 2013; Letter from Rainer Lenz, Ph.D., dated Mar. 9, 2013; Letter from Raymond A. Link, Chief Financial Officer, FEI Company, dated Mar. 11, 2013; Letter from Ann Marie Kim, dated Mar. 12, 2013; Letter from Jeff A. Killian, Chief Financial Officer, Cascade Microtech, Inc., dated Mar. 14, 2013; Letter from Matthew Hogan, dated Mar. 18, 2013; Letter from Ann Rhoads, Chief Financial Officer, Zogenix, dated Mar. 18, 2013; Letter from Daniel P. Penberthy, Chief Financial Officer, Rand Capital Corporation, dated Mar. 19, 2013; Letter from Jeff Andreson, dated Mar. 19, 2013; Letter from Gary R. Fairhead, dated Mar. 19, 2013; Letter from Roger Hawley, Chief Executive Officer, Zogenix, dated Mar. 20, 2013; Letter from Vernon A. LoForti, Vice President and Chief Financial Officer, InfoSonics Corporation, dated Mar. 20, 2013; Letter from Howard K. Kaminsky, Chief Financial Officer, Sport Chalet, Inc., dated Mar. 21, 2013; Letter from Stanley P. Wirtheim, Chief Financial Officer, Smartpros.Ltd., dated Mar. 25, 2013; Letter from Simon J. Parker, Head of Business Assurance, Innospec Inc., dated Mar. 26, 2013; Letter from John H. Lowry III, Chief Financial Officer; Perceptron, Inc., dated Mar. 27, 2013; Letter from David L. Nunes, President and Chief Executive Officer, Pope Resources, dated Mar. 27, 2013; Letter from Don Tracy, Chief Financial Officer, MGP Ingredients, Inc., dated Mar. 27, 2013; Letter from Vickie Reed, Sr. Director and Controller, Zogenix, Inc., dated Mar. 27, 2013; Letter from Jay Biskupski, Chief Financial Officer, Peregrine Semiconductor Corporation, dated Mar. 27, 2013; Letter from Alan F. Eisenberg, Executive Vice President, Emerging Companies and Business Development, Biotechnology Industry Organization (BIO), dated Mar. 28, 2013; Letter from Mary Kay Fenton, Senior Vice President and Chief Financial Officer, Achillion Pharmaceuticals, Inc., dated Mar. 28, 2013; Letter from Robert D. Shallish, Jr., Executive Vice President—Finance and Chief Financial Officer, CONMED Corporation, dated Mar. 28, 2013; Letter from Dorothy M. Donohue, Deputy General Counsel—Securities Regulation, Investment Company Institute, dated Mar. 28, 2013; Letter from Richard F. Chambers, President and Chief Executive Officer, The Institute of Internal Auditors, dated Mar. 28, 2013; Letter from Daniel C. Regis, Chairman, Cray Inc. Audit Committee, Cray, Inc., dated Mar. 29, 2013; Letter from Kenneth Bertsch, President and Chief Executive Officer, Society of Corporate Secretaries & Governance Professionals, dated Mar. 29, 2013; Letter from Paul R. Oldham, Chief Financial Officer and Vice President Finance Administration, Electro Scientific Industries, dated Mar. 29, 2013; Letter from Joseph D. Hill, Chief Financial Officer, Metabolix, Inc., dated Mar. 29, 2013; Letter from Grant Thornton LLP, dated Mar. 29, 2013; Letter from Michael McConnell, Executive Vice President and Chief Financial Officer, Digimarc Corporation, dated Mar. 29, 2013; Letter from Elizabeth L. Hougen, Chief Financial Officer, Isis Pharmaceuticals, Inc., dated Mar. 29, 2013; Letter from Julia Reigel, Wilson Sonsini Goodrich & Rosati, dated Mar. 29, 2013; Letter from Sharon Barbari, Executive Vice President Finance and Chief Financial Officer, Cytokinetics, Inc., dated Mar. 29, 2013; Letter from Michael G. Zybala, General Counsel, The InterGroup Corporation, dated Apr. 3, 2013; Letter from Ramy R. Taraboulsi, Chairman and Chief Executive Officer, SyncBASE Inc., dated Apr. 6, 2013; Letter from Matthew C. Wolsfeld, Chief Financial Officer, NTIC, dated Apr. 10, 2013; Letter from Barbara Russell, Chief Financial Officer, TOR Minerals International Inc., dated Apr. 17, 2013; Letter from Todd DeZoort, Ph.D., CFE, Professor of Accounting and Professional Advisory Board Fellow, The University of Alabama, and Dana Hermanson, Ph.D., Dinos Eminent Scholar Chair of Private Enterprise, Director of Research, Corporate Governance Center, Kennesaw State University, dated May 10, 2013; Letter from Paul Nester, Treasurer and CFO, RGC Resources, Inc., dated May 13, 2013; Letter from Neil Lerner, Vice President, Finance, Psychemedics Corporation, dated May 20, 2013; and Letter from Robert C. Kirk, dated May 28, 2013.

[6] The Commission notes that NASDAQ stated in its withdrawal that it is withdrawing this proposal so that it may fully consider the comments filed. *See* supra note 5. NASDAQ also stated that it remains committed to the underlying goal of the proposal, to help ensure that listed companies have appropriate processes in place to assess risks and the system of internal controls, and that it intends to file a revised proposal.

[7] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–69794; File No. SR–BYX–2013–021]

Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Fees for Use of BATS Y-Exchange, Inc.

June 18, 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 June 13, 2013, BATS Y-Exchange, Inc. (the ''Exchange'' or ''BYX'') 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 by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act[3] and Rule 19b–4(f)(2) thereunder,[4] which renders the proposed rule change effective upon filing with the Commission. 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 Exchange proposes to amend the fee schedule applicable to Members[5] and non-members of the Exchange pursuant to BYX Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal will be effective upon filing.

The text of the proposed rule change is available at the Exchange's Web site at *http://www.batstrading.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 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 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 the proposed rule change is to modify the Exchange's fee schedule effective June 13, 2013, in order to amend the way that the Exchange calculates rebates for removing liquidity from the Exchange.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A)(ii).

[4] 17 CFR 240.19b–4(f)(2).

[5] A Member is any registered broker or dealer that has been admitted to membership in the Exchange.

Specifically, the Exchange is proposing to amend the methodology by which it determines the rebate that it will provide to Members for removing liquidity from the Exchange by excluding the last Friday of June from the calculation of both ADV[6] and average daily TCV.[7]

The Exchange currently offers a tiered structure for determining the rebates that Members receive for executions that remove liquidity from the Exchange.[8] Under the tiered pricing structure, the Exchange provides different rebates to Members based on a Member's ADV as a percentage of average daily TCV. The Exchange notes that it is not proposing to modify any of the existing rebates or the percentage thresholds at which a Member may qualify for certain rebates. Rather, as mentioned above, the Exchange is proposing to modify its fee schedule in order to exclude trading activity occurring on the last Friday of June from the calculation of ADV and average daily TCV.

The Exchange is proposing to exclude the last Friday of June from the definition of ADV and TCV because the last Friday of June is the day that Russell Investments reconstitutes its family of indexes (''Russell Rebalance''), resulting in particularly high trading volumes, much of which the Exchange believes derives from market participants who are not generally as active entering the market to rebalance their holdings in-line with the Russell Rebalance. The Exchange believes that trading occurring as a result of the Russell Rebalance can significantly skew the calculation of ADV and TCV. For example, since 2008, on the last Friday in June, the TCV has exceeded the average daily TCV for the preceding trading days in June by approximately 42% on average. The chart below reflects the TCV on the last Friday of June for each year dating to 2008 and compares it to the average daily TCV for the preceding trading days in the month of June.

Russell reconstitution date (RCD)	TCV on RCD	MTD Average TCV as of day before RCD	% Difference
6/29/2012	7,924,340,355	6,833,486,672	15.96
6/24/2011	10,472,502,657	7,237,593,514	44.70
6/25/2010	14,482,717,113	8,981,067,278	61.26
6/26/2009	13,024,518,377	9,597,498,903	35.71
6/27/2008	12,010,692,402	7,835,813,201	53.28

Because of the extremely high volume numbers and abnormally distributed daily volume as a percentage of the TCV on this day, it stands that the ADV as a percentage of average daily TCV can be significantly impacted.

As such, the Exchange believes that eliminating the last Friday of June from the definition of ADV and TCV and thereby eliminating that day from the calculation as it relates to rebates for removing liquidity from the Exchange, will help to eliminate significant uncertainty faced by Members as to their monthly ADV as a percentage of average daily TCV and the rebates that this percentage will qualify for, providing Members with an increased certainty as to their monthly cost for trades executed on the Exchange. The Exchange further believes that removing this uncertainty will encourage Members to participate in trading on the Exchange during the remaining trading days in June in a manner intended to be incented by the Exchange's fee schedule.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6 of the Act.[9] Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,[10] in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee structures at a particular venue to be unreasonable and/or excessive.

With respect to the proposed changes to the tiered pricing structure for removing liquidity from the Exchange, the Exchange believes that its proposal is reasonable because, as explained above, it will help provide Members with a greater level of certainty as to their level of rebates for trading in the month of June. The Exchange also believes that its proposal is reasonable because it is not changing the thresholds to become eligible or the dollar value associated with the rebates and, moreover, by eliminating the inclusion of a trading day that would almost certainly lower a Member's ADV as a percentage of average daily TCV, it will make the majority of Members more likely to meet the minimum or higher tier thresholds, which will provide additional incentive to Members to increase their participation on the Exchange in order to meet the next tier. In addition, the Exchange believes that the proposed changes to fees are equitably allocated among Exchange constituents as the methodology for calculating ADV and TCV will apply equally to all Members. While, although unlikely, certain Members may have a higher ADV as a percentage of average daily TCV with the day included, the proposal will make June trading rebates more similar to other months as well as to make all Members' cost of trading on the Exchange more predictable, regardless of how the proposal affects their ADV as a percentage of average daily TCV.

Volume-based tiers such as the liquidity removing tiers maintained by the Exchange have been widely adopted in the equities markets, and are equitable and not unfairly discriminatory because they are open to all members on an equal basis and

[6] As provided in the fee schedule, ''ADV'' means average daily volume calculated as the number of shares added or removed, combined, per day on a monthly basis; routed shares are not included in ADV calculation.

[7] As provided in the fee schedule ''TCV'' means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply.

[8] *See* Securities Exchange Act Release No. 64429 (May 6, 2011), 76 FR 27694 (May 12, 2011) (Notice of filing and immediate effectiveness of proposed rule change related to fees for use of BATS Y-Exchange, Inc., which established tiered rebates based on ADV as a percentage of average daily TCV) (SR–BYX–2011–008).

[9] 15 U.S.C. 78f.

[10] 15 U.S.C. 78f(b)(4).

provide rebates that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and introduction of higher volumes of orders into the price and volume discovery process. Accordingly, the Exchange believes that the proposal is equitably allocated and not unfairly discriminatory because it is consistent with the overall goals of enhancing market quality. Further, the Exchange believes that a tiered pricing model not significantly altered by a single known day of atypical trading behavior which allows Members to predictably calculate what their costs associated with trading activity on the Exchange will be is reasonable, fair and equitable and not unreasonably discriminatory as it is uniform in application amongst Members and should enable such participants to operate their business without concern of unpredictable and potentially significant changes in expenses.

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 not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes will help the Exchange to continue to incentivize higher levels of liquidity at a tighter spread while providing more stable and predictable costs to its Members. As stated above, the Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if the deem fee structures to be unreasonable or excessive.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act [11] and paragraph (f) of Rule 19b–4 thereunder.[12] At any time within 60 days of the filing of the 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.* Please include File Number SR–BYX–2013–021 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–BYX–2013–021. 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 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–BYX–2013–021 and should be submitted on or before July 15, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[13]

Kevin M. O'Neill,

Deputy Secretary.

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[11] 15 U.S.C. 78s(b)(3)(A)(ii).

[12] 17 CFR 240.19b–4(f).

[13] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–69782; File No. SR–ISE–2013–38]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing of Proposed Rule Change Related to Market Maker Risk Parameters and Complex Orders

June 18, 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 June 5, 2013, the International Securities Exchange, LLC (the ''Exchange'' or the ''ISE'') 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 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 mitigate market maker risk by requiring market makers to enter values in the Exchange-provided risk parameters and by limiting the types of complex orders that can leg-into the regular market. The text of the proposed rule change is available on the Exchange's Web site *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 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 self-regulatory organization has

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.