

competition, including by attracting additional liquidity to the Exchange, which will make the Exchange a more competitive venue for, among other things, order execution and price discovery. In general, ETP Holders impacted by the proposed change may readily adjust their trading behavior to maintain or increase their credits or decrease their fees in a favorable manner, and will therefore not be disadvantaged in their ability to compete. Specifically, all ETP Holders have the ability to submit MPL Orders and ETP Holders could readily choose to submit additional MPL Orders on the Exchange in order to qualify for the proposed new MPL Order Tier. Similarly, an ETP Holder could qualify for the proposed new Tape B tiers by providing sufficient liquidity in Tape B Securities to satisfy the applicable proposed volume requirements. Additionally, all ETP Holders have the ability to designate their orders as Routable Orders and therefore any ETP Holder could qualify for the proposed Routable Order Tier by satisfying the proposed liquidity thresholds. Finally, the proposed reduction of the Cross-Asset Tier equity threshold would apply to all ETP Holders and, while certain ETP Holders are not affiliated with an NYSE Arca Options OTP Holder or OTP Firm, such ETP Holders would be able to qualify for a credit of at least \$0.0030 per share that is provided pursuant to the Cross-Asset Tier by qualifying for any of the Investor Tiers.

Also, the Exchange does not believe that the proposed change will impair the ability of ETP Holders or competing order execution venues to maintain their competitive standing in the financial markets. In this regard, the Exchange notes that certain aspects of the proposed change are similar to, and competitive with, pricing structures and applicable fees and credits applicable on other exchanges.<sup>19</sup>

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee or credit levels at a particular venue to be unattractive. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. The credits proposed herein are based on objective standards that are applicable to all ETP Holders and reflect the need for the Exchange to offer significant financial incentives to attract order flow. For these reasons, the Exchange believes that the proposed rule change

reflects this competitive environment and is therefore consistent with the Act.

*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 with respect to the proposed rule change.

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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>20</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>21</sup> thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

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. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>22</sup> of the Act to determine whether the proposed rule change should be approved or disapproved.

**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-NYSEArca-2013-67 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-NYSEArca-2013-67. This file number should be included on the subject line if email is used.

<sup>20</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>21</sup> 17 CFR 240.19b-4(f)(2).

<sup>22</sup> 15 U.S.C. 78s(b)(2)(B).

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 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 offices of NYSE. 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-NYSEArca-2013-67, and should be submitted on or before July 30, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>23</sup>

**Elizabeth M. Murphy,**  
*Secretary.*

[FR Doc. 2013-16479 Filed 7-8-13; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-69916; File No. SR-CBOE-2013-065]

**Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the CBOE Stock Exchange Fees Schedule**

July 2, 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 June 24, 2013, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "Commission") the proposed rule

<sup>23</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>19</sup> See *supra* notes 15 and 17.

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 the Substance of the Proposed Rule Change**

The Exchange proposes to amend the Fees Schedule of its CBOE Stock Exchange. The text of the proposed rule change is available on the Exchange’s Web site (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.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 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 Exchange proposes to amend the CBSX Fees Schedule. First, CBSX proposes to establish a separate fees structure for transactions in AMD, BAC, MU, NOK and SIRI (the “Select Symbols”) that is different than the fees for transactions in all other symbols (all fees discussed in this proposed rule change apply to transactions in securities priced \$1 or greater; CBSX does not propose to amend any fees for transactions in securities priced less than \$1). Currently, transactions in all securities (including the Select Symbols) are subject to the following fees structure:

Execution type	Rate
Maker (adds less than 0.08% of TCV of liquidity in one day) (1)(5)	\$0.0018 per share.
Maker (adds at least 0.08% but less than 0.16% of TCV of liquidity in one day) (1)(5)	\$0.0017 per share.
Maker (adds at least 0.16% but less than 0.24% of TCV of liquidity in one day) (1)(5)	\$0.0016 per share.
Maker (adds at least 0.24% but less than 0.42% of TCV of liquidity in one day) (1)(5)	\$0.0015 per share.
Maker (adds 0.42% or more of TCV of liquidity in one day) (1)(5)	\$0.0014 per share.
Taker (removes 9,999,999 shares or less of liquidity in one day (1) or less than 85% Execution Rate)	\$0.0015 rebate per share.
Taker (removes 10,000,000 shares or more of liquidity in one day (1) and equal to or greater than 85% Execution Rate).	\$0.0017 rebate per share.
Maker (adds liquidity using a silent order)	\$0.0018 per share.
Taker (removes silent order liquidity)	\$0.0014 rebate per share.
Maker (adds liquidity using a silent-mid or silent-post-mid order)	\$0.0008 per share.
Taker (removes silent-mid or silent-post-mid liquidity)	\$0.0004 rebate per share.

CBSX hereby proposes to except the Select Symbols out of this structure. Instead, CBSX proposes to assess a fee of \$0.0050 per share for Maker transactions in the Select Symbols (including to a Maker who adds liquidity using a silent, silent-mid or silent-post-mid order) and provide a rebate of \$0.0045 per share for Taker transactions in the Select Symbols (including to a Taker who removes silent, silent-mid or silent-post-mid liquidity). CBSX proposes this change due to the liquidity profiles of the Select Symbols. The NBBO market width in the Select Symbols is most often \$0.01, and the proposed fee and rebate structure for the Select Symbols is designed to get close to synthesizing a midpoint between the NBBO. For example, say the market in a select symbol is 3.15–3.16. In the case of the proposed pricing in the Select Symbols, a participant would be able to buy the displayed offer at 3.16 and receive a \$0.0045 rebate per share, which is similar to the economics of a midpoint execution. The “Select Symbols” will be defined in the proposed new Footnote 6 to the Fees Schedule.

CBSX does not propose to amend fees for all other symbols (all symbols except for the Select Symbols), with the exception of fees and rebates related to silent, silent-mid and silent-post-mid orders. Currently, CBSX provides a rebate of \$0.0014 per share for Taker orders that remove silent order liquidity, and \$0.0004 per share for Taker orders that remove silent-mid or silent-post-mid liquidity. CBSX proposes to increase these rebates to \$0.0015 per share. This normalizes the Taker rebate for orders that remove silent, silent-mid, or silent-post-mid liquidity with the regular Taker rebate (for a Taker who removes 9,999,999 shares of liquidity in one day or less than 85% Execution Rate). In conjunction with this rebate increase, CBSX proposes to increase the fee for a Maker that adds liquidity using a silent-mid or silent-post-mid order to \$0.0018 per share in order to help offset the increases in the rebate for Taker orders that remove silent, silent-mid, or silent-post-mid liquidity. The fee for a Maker that adds liquidity using a silent order is already \$0.0018 per share.

The proposed changes are to take effect on July 1, 2013.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>3</sup> Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>4</sup> which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities. The Exchange believes that the proposed fees and rebates for the Select Symbols are reasonable because the amount of the proposed Maker fee is merely \$0.0005 greater than the amount of the proposed Taker rebate, and because the NBBO market width in the Select Symbols in the Select Symbols is often \$0.01, and the proposed fee and rebate structure for the Select Symbols is designed to get close

<sup>3</sup> 15 U.S.C. 78f(b).

<sup>4</sup> 15 U.S.C. 78f(b)(4).

to synthesizing a midpoint between the NBBO. The Exchange notes that the proposed fees for the Select Symbols do not violate the limitation on access fees described in Rule 610 of Regulation NMS as the \$0.0050 per share proposed fee is a Maker fee, and Rule 610(c)(1)'s prohibition of fees greater than \$0.0030 applies to orders that execute against a quotation (Taker orders).<sup>5</sup>

The Exchange believes that offering a different fee and rebate structure for the Select Symbols is equitable and not unfairly discriminatory because the liquidity profiles of the Select Symbols are different from those for other symbols. The NBBO market width in the Select Symbols in the Select Symbols is often \$0.01, and the proposed fee and rebate structure for the Select Symbols is designed to get close to synthesizing a midpoint between the NBBO. Further, the proposed fee and rebate structure for the Select Symbols is intended to incentivize the trading on the Select Symbols. Finally, the proposed fees and rebates for the Select Symbols will apply equally to all market participants.

The Exchange believes that it is reasonable to increase, for all other symbols, the rebate for a Taker who removes silent order liquidity from \$0.0014 per share to \$0.0015 per share and for a Taker who removes silent-mid or silent-post-mid liquidity from \$0.0004 per share to \$0.0015 per share because this will allow such Takers to receive a greater rebate for such activity. The Exchange believes this is equitable and not unfairly discriminatory because it will set the rebate for a Taker who removes silent order liquidity and silent-mid or silent-post-mid liquidity at the same amount, as well as the same amount as the regular Taker rebate (for a Taker who removes 9,999,999 shares of liquidity in one day or less than 85% Execution Rate). Further, this rebate will apply equally for all market participants.

The Exchange believes that it is reasonable to increase, for all other symbols, the fee for a Maker who adds liquidity using a silent-mid or silent-

post-mid order to \$0.0018 per share because this amount is within the range of other Maker fees assessed by CBSX. Further, this increase is necessary in order to offset the above-mentioned increase in the rebate for a Taker who removes silent-mid or silent-post-mid liquidity. CBSX believes that this increase is equitable and not unfairly discriminatory because it will make the amount of the fee for a Maker who adds liquidity using a silent-mid or silent-post-mid order the same as the amount of the fee for a Maker who adds liquidity using a silent order. Further, this fee will apply equally for all market participants.

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

CBSX does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes apply to all CBSX market participants. CBSX does not believe that the proposed rule change will impose any burden on intermarket competition because these changes apply solely to trading on CBSX. To the extent that the proposed new fees structure for the Select Symbols or the changes to fees and rebates for orders involving silent, silent-mid and silent-post-mid liquidity may make CBSX a more attractive trading venue for market participants on other exchanges, such market participants may elect to become CBSX market participants. Indeed, these changes may enhance competition by encouraging other exchanges to amend their fees to provide more attractive fees and rebate structures for their market participants.

#### *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 proposed rule change.

### **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<sup>6</sup> and paragraph (f) of Rule 19b-4<sup>7</sup> thereunder. 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. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

### **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-CBOE-2013-065 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-CBOE-2013-065. 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 20549-1090, 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

<sup>5</sup> 17 CFR 242.610. The relevant section of Rule 610(c) states: "(c) Fees for access to quotations. A trading center shall not impose, nor permit to be imposed, any fee or fees for the execution of an order against a protected quotation of the trading center or against any other quotation of the trading center that is the best bid or best offer of a national securities exchange, the best bid or best offer of The Nasdaq Stock Market, Inc., or the best bid or best offer of a national securities association other than the best bid or best offer of The Nasdaq Stock Market, Inc. in an NMS stock that exceed or accumulate to more than the following limits: (1) If the price of a protected quotation or other quotation is \$1.00 or more, the fee or fees cannot exceed or accumulate to more than \$0.003 per share;"

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>7</sup> 17 CFR 240.19b-4(f).

available publicly. All submissions should refer to File Number SR-CBOE-2013-065, and should be submitted on or before July 30, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

**Elizabeth M. Murphy,**  
Secretary.

[FR Doc. 2013-16380 Filed 7-8-13; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69925; File No. SR-OCC-2013-803]

### Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Advance Notice To Reflect Enhancements in OCC's System for Theoretical Analysis and Numerical Simulations as Applied to Longer-Tenor Options

July 3, 2013.

Pursuant to Section 806(e)(1) of the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing Supervision Act")<sup>1</sup> and Rule 19b-4(n)(1)(i)<sup>2</sup> of the Securities Exchange Act of 1934 ("Exchange Act") notice is hereby given that on June 4, 2013, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the advance notice described in Items I and II below, which Items have been substantially prepared by OCC.<sup>3</sup> The Commission is publishing this notice to solicit comments on the advance notice from interested persons.

#### I. Clearing Agency's Statement of the Terms of Substance of the Advance Notice

OCC is proposing to provide for enhancements in OCC's margin model for longer-tenor options (*i.e.*, those options with at least three years of residual tenor) and OCC intends to reflect those enhancements in the description of OCC's margin model in OCC's Rules through a corresponding proposed rule change.<sup>4</sup>

#### II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Advance Notice

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the advance notice and discussed any comments it received on the advance notice. The text of these statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.<sup>5</sup>

##### (A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Advance Notice

The purpose of this advance notice is to provide for enhancements in OCC's margin model for longer-tenor options (*i.e.*, those options with at least three years of residual tenor) and OCC intends to reflect those enhancements in the description of OCC's margin model in OCC's Rules through a corresponding proposed rule change.<sup>6</sup>

##### 1. Background

On August 30, 2012, OCC submitted a rule change and advance notice with respect to OCC's proposal to clear certain over-the-counter options on the S&P 500 Index ("OTC Options Filings").<sup>7</sup> Additional information concerning OCC's proposal to clear OTC Options is included in the OTC Options Filings. As described in the OTC Options Filings, OCC intends to use its STANS margin system to calculate margin requirements for OTC Options on the same basis as for exchange-listed options cleared by OCC. However, OCC is proposing to implement enhancements to its risk models for all longer-tenor options (including OTC Options) in order to better reflect certain risks of longer-tenor options. The changes described herein would apply to all longer-tenor options cleared by OCC and would be implemented before OCC begins clearing OTC Options.

##### 2. Description of Current Proposed Changes

OCC states that the proposed change includes daily OTC quotes, variations in implied volatility and valuation adjustments in the modeling of all longer-tenor options under STANS, thereby enhancing OCC's ability to set margin requirements through the use of

risk-based models and encouraging clearing members to have sufficient financial resources to meet their obligations to OCC. OCC states that the proposed change would not affect OCC's safeguarding of securities and funds in its custody or control because though it may change margin requirements in respect of certain longer-tenor options, it does not change the manner in which margin assets are pledged. In addition, OCC states that the proposed change allows OCC to enhance its risk management procedures and controls related to longer-tenor options.

OCC states that it calculates clearing-level margin using STANS, which determines the minimum expected liquidating value of each account using a large number of projected price scenarios created by large-scale Monte Carlo simulations. OCC is proposing to implement enhancements to the STANS margin calculation methodology with respect to longer-tenor options and to amend Rule 601 to reflect these enhancements as well as to make certain clarifying changes in the description of STANS in Rule 601. The specific details of the calculations performed by STANS are maintained in OCC's proprietary procedures for the calculation of margin and coded into the computer systems used by OCC to calculate daily margin requirements.

OCC has proposed at this time to clear only OTC Options on the S&P 500 index and only such options with tenors of up to five years. However, OCC currently clears FLEX Options with tenors of up to fifteen years. While OCC believes that its current risk management practices are adequate for current clearing activity, OCC proposes to implement risk modeling enhancements with respect to all longer-tenor options.

##### Daily OTC Indicative Quotes

OCC states that, in general, the market for listed longer-tenor options is less liquid than the market for other options, with less volume and therefore less price information. In order to supplement OCC's pricing data derived from the listed markets, and to improve the valuation process for longer-tenor options, OCC proposes to include in the daily dataset of market prices used by STANS to value each portfolio indicative daily quotations obtained through a third-party service provider that obtains these quotations through a daily poll of OTC derivatives dealers. A third-party service provider was selected to provide this data in lieu of having the data provided directly by the OTC derivatives dealers in order to avoid unnecessarily duplicating

<sup>8</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 12 U.S.C. 5465(e)(1).

<sup>2</sup> 17 CFR 240.19b-4(n)(1)(i).

<sup>3</sup> OCC is a designated financial market utility and is required to file advance notices with the Commission. See 12 U.S.C. 5465(e). OCC also filed the proposals contained in this advance notice as a proposed rule change under Section 19(b)(1) of the Exchange Act and Rule 19b-4 thereunder. 15 U.S.C. 78s(b)(1); 17 CFR 240.19b-4. See SR-OCC-2013-08.

<sup>4</sup> See *supra* note 3.

<sup>5</sup> The Commission has modified the text of the summaries prepared by the clearing agency.

<sup>6</sup> See *supra* note 3.

<sup>7</sup> See Exchange Act Release No. 68434 (Dec. 14, 2012), 77 FR 75243 (Dec. 19, 2012) (SR-OCC-2012-14 and AN-OCC-2012-01).