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–EDGX–2012–19 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–EDGX–2012–19. 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 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–EDGX–2012–19 and should be submitted on or before July 5, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[10]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012–14341 Filed 6–12–12; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–67154; File No. SR–NYSE–2012–10]

Self-Regulatory Organizations; New York Stock Exchange LLC; Order Granting Approval of Proposed Rule Change Amending NYSE Rule 107B To Add a Class of Supplemental Liquidity Providers That Are Registered as Market Makers at the Exchange

June 7, 2012.

I. Introduction

On April 17, 2012, New York Stock Exchange LLC (''NYSE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission''), pursuant 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 amend NYSE Rule 107B to add a class of Supplemental Liquidity Providers (''SLP'') that are registered as market makers at the Exchange. The proposed rule change was published for comment in the **Federal Register** on April 23, 2012.[3] The Commission received no comment letters on the proposal. This order approves the proposed rule change.

II. Description of the Proposal

NYSE Rule 107B was adopted as a pilot program in October 2008 and established a new class of off-floor market participants referred to as Supplemental Liquidity Providers or ''SLPs.''[4] Approved Exchange member organizations are eligible to be an SLP. SLPs supplement the liquidity provided by Designated Market Makers (''DMM''). SLPs have monthly quoting requirements that may qualify them to receive SLP rebates, which are larger than the general rebate available to non-SLP market participants.[5]

To qualify as an SLP under NYSE Rule 107B(c), a member organization is subject to a number of conditions, including adequate trading infrastructure to support SLP trading activity, quoting and volume performance that demonstrates an ability to meet the 10% ADV requirement, and use of specified SLP mnemonics. In addition, the business unit of the member organization acting as an SLP must enter proprietary orders only and have adequate information barriers between the SLP unit and any of the member organization's customer, research, and investment-banking business. Pursuant to NYSE Rule 107B(h)(2)(A), a DMM may also be an SLP, but not in the same securities in which it is registered as a DMM.

Proposed SLP Market Makers

The Exchange proposes to amend NYSE Rule 107B to add a category of SLPs that would be registered as market makers at the Exchange. As proposed, the term ''SLP'' would refer to member organizations that provide supplemental liquidity and there would be two classes of SLP. The existing SLP member organizations and associated requirements would continue unchanged and would be referred to as ''SLP–Prop.''

The proposed new class of SLP would be referred to as ''SLMM''. SLMMs would have differing qualification requirements and increased regulatory obligations as compared to SLP–Props, but would otherwise be subject to the existing SLP program.

Under the proposal, an SLP can choose to be either an SLP–Prop or an SLMM. The proposed SLMMs would have different qualification requirements, specified regulatory obligations, expanded entry of order requirements, and a security-by-security withdrawal ability. SLP–Props and SLMMs would be subject to the same application and overall program withdrawal process, ADV and quoting requirements, manner by which SLP securities are assigned, and non-regulatory penalties.

To be approved as an SLMM, an SLMM must meet specified regulatory obligations, which are set forth in proposed NYSE Rule 107B(d). Failure to comply with these regulatory obligations could result in disciplinary

[10] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 66821 (April 17, 2012), 77 FR 24239 (''Notice'').

[4] *See* Securities Exchange Act Release No. 58877 (October 29, 2008), 73 FR 65904 (November 5, 2008) (SR–NYSE–2008–108). The pilot is currently scheduled to end on July 31, 2012.

[5] NYSE Rule 107B(a) requires that an SLP maintain a bid and/or an offer at the national best bid (''NBB'') or national best offer (''NBO'') averaging at least 10% of the trading day for each assigned security. In addition, an SLP must provide an average daily volume (''ADV'') of more than 10 million shares for all assigned SLP securities on a monthly basis. Meeting this volume requirement will enable an SLP to receive the basic SLP rebate (currently $0.0020 per executed share) on security-by-security basis and to maintain their SLP status.

action. First, pursuant to proposed NYSE Rule 107B(d)(1), the SLMM must maintain a continuous two-sided quotation in those securities in which the SLMM is registered to trade as an SLP (''Two-Sided Obligation''). As proposed, the Two-Sided Obligation applicable to SLMMs would be virtually identical to the market-maker two-sided obligations adopted by the equities markets in 2010.[6] Second, pursuant to proposed NYSE Rule 107B(d)(2), the SLMM would be required to maintain net capital in accordance with the provisions of Rule 15c3–1 under the Act, which specifies the capital requirements for market makers.[7] Finally, pursuant to proposed NYSE Rule 107B(d)(3), the SLMM would be required to maintain unique mnemonics specifically dedicated to SLMM activity. Use of these unique mnemonics will enable SLMMs to meet their requirement under proposed NYSE Rule 107B(d)(1)(A) to identify their market-making activity to the Exchange. As proposed, such mnemonics may not be used for trading in securities other than SLP Securities assigned to the SLMM.

Pursuant to NYSE Rule 107B(c)(6), SLPs must currently maintain adequate information barriers between the SLP unit and the member organization's customer, research and investment-banking business. This requirement ensures that the orders submitted by SLPs are proprietary only, and are not related to any customer-facing business, including potentially market-making businesses. The Exchange proposes to maintain this requirement for SLP–Props.

Proposed NYSE Rule 107B(j) would modify the entry of order requirements. SLP–Prop would continue to be required to enter proprietary orders only. As proposed, SLMMs would similarly be required to enter orders for their own account, however, they could be entered in either a proprietary capacity or a principal capacity on behalf of an affiliated or unaffiliated person. SLMM could submit SLMM quotes to the Exchange on behalf of customers, or other unaffiliated or affiliated persons.

The Exchange proposes to add an additional ability for SLMMs to voluntarily withdraw from registration as a market maker in a particular security. Under proposed NYSE Rule 107B(f)(2), an SLMM may withdraw its registration in a security by giving written notice to the SLP Liaison Committee and FINRA. As proposed, the Exchange may require a certain minimum notice period for withdrawal, and may place such other conditions on withdrawal and re-registration following withdrawal, as it deems appropriate in the interests of maintaining fair and orderly markets. An SLMM that fails to give advanced written notice of termination to the Exchange may be subject to formal disciplinary action.

Under proposed NYSE Rule 107B(i), an SLP–Prop may not also act as an SLMM in the same securities in which it is registered as an SLP–Prop and vice versa. If a member organization has more than one business unit, and the SLP–Prop business unit is walled off from the SLMM business unit, the member organization may engage in both an SLP–Prop and SLMM business from those different business units. Provided there is no coordinated trading between the SLP–Prop and SLMM business units, they may be assigned the same securities.

III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.[8] Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,[9] which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission believes that adding an additional registered market maker program to the Exchange will promote just and equitable principles of trade as it could potentially expand the number of market participants providing liquidity at the Exchange, to the benefit of investors. In particular, the proposal would allow additional market participants, including member organizations that are registered as market makers on other exchanges that engage in a customer-facing business, to participate in the SLP program.

The proposed SLMMs would provide supplemental liquidity in addition to the liquidity provided by DMMs and SLP–Props, and the Exchange would continue to require that a DMM be registered in every security listed on the Exchange. Because the proposed SLMMs would be required to meet the Two-Sided Obligation applicable to all equities market makers, the Commission believes that the proposed rule change would also remove impediments to and perfect the mechanism of a free and open market and a national market system by increasing the number of market participants that are required to maintain a continuous two-sided quotation a specified percentage away from the NBBO in the securities in which they are registered. Moreover, the proposed SLMM would be subject to other currently existing requirements.

The Commission finds that the proposal is not unfairly discriminatory. Registration as an SLP–Prop or SLMM is available to all Exchange member organizations that satisfy the requirements of proposed NYSE Rule 107B(c) or (d). The Commission finds further that the proposal to establish procedures for the registration, withdrawal, and disqualification of SLMM, and the SLMM quoting requirements, are consistent with the requirements of Section 6(b)(5) of the Act. The Exchange's proposed rules provide an objective process by which a member organization could become a SLMM and for appropriate oversight by the Exchange to monitor for continued compliance with the terms of these provisions. The Commission also notes that these provisions are similar to the existing provisions that apply to the current SLP program.

In addition, the Commission believes that the proposed rule change is consistent with the requirements of the Act because the proposed requirements for the SLMMs are based on existing, approved requirements for registered market makers on other exchanges. In addition to the Two-Sided Obligation, the proposed SLMMs would also be required to assist in the maintenance of a fair and orderly market, as reasonably practicable, and maintain net capital

[6] *See* Securities Exchange Act Release No. 63255 (Nov. 5, 2010), 75 FR 69484 (Nov. 12, 2010) (SR–BATS–2010–025; SR–BX–2010–66; SR–CBOE–2010–087; SR–CHX–2010–22; SR–FINRA–2010–049; SR–NASDAQ–2010–115; SR–NSX–2010–12; SR–NYSE–2010–69; SR–NYSEAmex-2010–96; and SR–NYSEArca-2010–83) (order approving enhanced quoting requirements for market makers).

[7] 17 CFR 240.15c3–1. For purposes of that rule, the term ''market maker'' is defined as ''a dealer who, with respect to a particular security, (i) regularly publishes bona fide, competitive bid and offer quotations in a recognized interdealer quotation system; or (ii) furnishes bona fide competitive bid and offer quotations on request; and (iii) is ready, willing and able to effect transactions in reasonable quantities at his quoted prices with other brokers or dealers.'' 17 CFR 240.15c3–1(c)(8).

[8] In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[9] 15 U.S.C. 78f(b)(5).

consistent with federal requirements for market makers.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[10] that the proposed rule change (SR–NYSE–2012–10) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[11]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012–14337 Filed 6–12–12; 8:45 am]

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[10] 15 U.S.C. 78s(b)(2).

[11] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–67157; File No. SR–FINRA–2011–057]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Amendments No. 2 and No. 3 and Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendments No. 1, No. 2, and No. 3 to Adopt FINRA Rule 5123 (Private Placements of Securities) in the Consolidated FINRA Rulebook

June 7, 2012.

I. Introduction

On October 5, 2011, the Financial Industry Regulatory Authority, Inc. (''FINRA'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Exchange Act'' or ''Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to adopt FINRA Rule 5123 (''Private Placements of Securities'').[3] The proposed rule change was published for comment in the **Federal Register** on October 24, 2011.[4] The Commission received sixteen (16) comment letters in response to the original proposed rule change (''Original Proposal'').[5] On January 19, 2012, FINRA filed Amendment No. 1 to the proposed rule change and a letter responding to comments.[6] In order to solicit additional input from interested parties on the issues presented in FINRA's proposed rule change, on January 20, 2012, the Commission published notice of Amendment No. 1 for comment and an order instituting proceedings pursuant to Section 19(b)(2)(B) of the Act, to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.[7] The Commission received eleven (11) comment letters in response to the Notice and Proceedings Order.[8] On March 12, 2012, FINRA filed Amendment No. 2 to the proposed rule change and a letter responding to comments.[9] On March 22, 2012, FINRA filed Amendment No. 3 to the proposed rule change.[10] In Amendment No. 2, as further clarified by Amendment No. 3, FINRA proposed eliminating the Original Proposal's requirement for members to disclose to investors the anticipated use of offering proceeds, and the amount and type of offering expenses and offering compensation. Instead, FINRA proposed to limit members' obligations under proposed

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

[2] 17 CFR 240.19b–4.

[3] Prior to filing the rule change with the Commission, in January 2011, FINRA published Regulatory Notice 11–04 requesting comment on proposed amendments to Rule 5122 (''Private Placement of Securities Issued by Members''). FINRA Rule 5122 established disclosure and filing requirements for members and associated persons offering or selling any security issued by a member or a member's control entity in a non-public offering of securities conducted in reliance on certain available exemptions from registration under the Securities Act of 1933 (''Securities Act''). As originally proposed, the proposed rule change would have amended Rule 5122 to include similar disclosure and filing requirements for members and associated persons offering or selling any security issued by a non-member in a non-public offering of securities conducted in reliance on certain available exemptions from registration under the Securities Act. A copy of the regulatory notice is available on FINRA's Web site at *http://www.finra.org.* The comment period expired on March 14, 2011. FINRA received 35 comments in response to the regulatory notice.

[4] *See* Exchange Act Release No. 65585 (Oct. 18, 2011), 76 FR 65758 (Oct. 24, 2011) (Notice of Filing of Proposed Rule Change to Adopt New FINRA Rule 5123 (Private Placements of Securities)) (''Notice of Filing''). The comment period closed on November 18, 2011.

[5] *See* Letters from Ryan Adams, Christine Lazaro, Esq., and Lisa Catalano, Esq., St. John's School of Law Securities Arbitration Clinic, dated November 10, 2011 (''St. John's Letter''); Ryan K. Bakhtiari, President, Public Investors Arbitration Bar Association, dated November 14, 2011 (''PIABA Letter''); David T. Bellaire, Esq., Financial Services Institute, Inc., dated November 14, 2011 (''FSI Letter''); Robert E. Buckholz, Chair, Committee on Securities Regulation, New York City Bar Association, dated November 9, 2011 (''NYC Bar-November Letter''); Richard B. Chess, President, Real Estate Investment Securities Association, dated November 14, 2011 (''REISA–November Letter''); Alicia M. Cooney, Managing Director, Monument Group, dated January 12, 2012 (''Monument Group-January Letter''); Martel Day, Chairman, Investment Program Association, dated November 14, 2011 (''IPA Letter''); Jack E. Herstein, President, North American Securities Administrators Association, Inc., dated November 17, 2011 (''NASAA–November Letter''); Joan Hinchman, Executive Director, National Society of Compliance Professionals, dated November 14, 2011 (''NSCP Letter''); William A. Jacobson, Associate Clinical Professor, and Carolyn L. Nguyen, Cornell Law School, dated November 14, 2011 (''Cornell-November Letter''); Stuart J. Kaswell, Executive Vice President, Managed Funds Association, dated November 14, 2011 (''MFA Letter''); William H. Navin, Senior Vice President, The Options Clearing Corporation, dated November 9, 2011 (''OCC Letter''); Jeffrey W. Rubin, Chair, Federal Regulation of Securities Committee, American Bar Association, dated November 14, 2011 (''ABA Letter''); Sullivan & Cromwell LLP, dated November 10, 2011 (''S&C–November Letter''); Osamu Watanabe, Deputy General Counsel, Moelis & Co., dated November 28, 2011 (''Moelis Letter''); and Donald S. Weiss, K&L Gates LLP, dated November 14, 2011 (''K&L Gates Letter''). Comment letters are available at *www.sec.gov.*

[6] *See* Letter from Stan Macel, Assistant General Counsel, FINRA, dated January 19, 2012 (''Response Letter''). The text of proposed Amendment No. 1 and FINRA's Response Letter are available on FINRA's Web site at *http://www.finra.org,* at the principal office of FINRA, and at the Commission's Public Reference Room. FINRA's Response Letter is also available on the Commission's Web site at *www.sec.gov.*

[7] *See* Exchange Act Release No. 66203 (Jan. 20, 2012); 77 FR 4065 (Jan. 26, 2012) (Notice of Filing of Partial Amendment No. 1 and Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as modified by Partial Amendment No. 1, to Adopt FINRA Rule 5123 (Private Placements of Securities) in the Consolidated FINRA Rulebook)) (''Notice and Proceedings Order''). The comment period closed on February 27, 2012 and FINRA's rebuttal period closed on March 12, 2012.

[8] *See* Letters from Wesley A. Brown, Managing Director and Chief Compliance Officer, St. Charles Capital, LLC, dated February 26, 2012 (''St. Charles Letter''); Robert E. Buckholtz, Chair, Committee on Securities Regulation, New York City Bar Association, dated February 24, 2012 (''NYC Bar-February Letter''); Alicia M. Cooney, Managing Director, Monument Group, Inc., dated February 27, 2012 (''Monument Group-February Letter''); Jack E. Herstein, NASAA President and Assistant Director, Nebraska Department of Banking and Finance Bureau of Securities, dated April 23, 2012 (''NASAA–April Letter''); William A. Jacobson, Associate Clinical Professor of Law, Cornell Law School, and Director, Cornell Securities Law Clinic, dated February 27, 2012 (''Cornell-February Letter''); Stuart J. Kaswell, Executive Vice President, Managed Funds Association, dated February 27, 2012 (''MFA–February Letter''); Douglas Martin, dated February 1, 2012 (''Martin Letter''); National Investment Banking Association, dated February 27, 2012 (''NIBA Letter''); Daniel Oschin, President, Real Estate Investment Securities Association, dated February 27, 2012 (''REISA–February Letter''); G. Philip Rutledge, attorney, dated April 27, 2012 (''Rutledge Letter''); and Sullivan & Cromwell LLP, dated February 23, 2012; (''S&C–February Letter'').

[9] *See* Letter from Stan Macel, FINRA, dated March 12, 2012 (''Rebuttal Letter''). *On May 18, 2012, FINRA filed a supplementary response to additional comments* (''Supplementary Rebuttal Letter''). *See Letter from Stan Macel, FINRA, dated May 18, 2012.* The text of proposed Amendment No. 2, the Rebuttal Letter, and the Supplementary Rebuttal Letter are available on FINRA's Web site at *http://www.finra.org,* at the principal office of FINRA, and at the Commission's Public Reference Room. FINRA's Rebuttal Letter and Supplementary Rebuttal Letter are also available on the Commission's Web site at *www.sec.gov.*

[10] In Amendment No. 3, FINRA made clear that proposed Rule 5123 would require members to file with FINRA within 15 calendar days of the date of first sale the original offering documents as well as any ''materially amended versions'' of offering documents used in connection with a sale. The text of proposed Amendment No. 3 is available on FINRA's Web site at *http://www.finra.org,* at the principal office of FINRA, and at the Commission's Public Reference Room.