

Primary Market Maker appointment,<sup>6</sup> provided that such Member has sufficient CMM points for each such appointment.

## 2. Statutory Basis

The basis under the Act for this proposed rule change is found in Section 6(b)(5),<sup>7</sup> in that the proposed change is designed to promote just and equitable principles of trade, 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. In particular, the proposal will promote competition by increasing the number of competitive quotes in active options classes traded on the Exchange. The proposed rule change is consistent with the current CMM membership structure because it requires market makers to use their membership points in order to enter multiple quotes. Additionally, the proposed rule change is non-discriminatory in that each CMM is able to choose how to use their membership points. Accordingly, the Exchange believes that the proposed rule change is consistent with the requirements of the Exchange Act.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any

unsolicited written comments from members or other interested parties.

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

Within 45 days of the publication date of this notice or within such longer period (1) as the Commission may designate up to 45 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (2) as to which the self-regulatory organization consents, the Commission will:

- (a) By order approve or disapprove such Proposed Rule Change; or
- (b) Institute proceedings to determine whether the Proposed Rule Change should be 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-ISE-2012-52 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-ISE-2012-52. 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 a.m. and 3 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-ISE-2012-52 and should be submitted on or before July 16, 2012.

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

Kevin M. O'Neill,  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67214; File No. SR-NYSEMKT-2012-09]

### Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rules 921NY, 921.1NY, and 931NY Prescribing the Registered Proprietary Traders Examination (Series 56) as the Qualifying Examination for Registered Market Makers, Market Maker Authorized Traders, and Floor Brokers

June 19, 2012.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on June 13, 2012, NYSE MKT LLC (the "Exchange" or "NYSE MKT") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii)<sup>4</sup> of the Act and Rule 19b-4(f)(6)<sup>5</sup> thereunder<sup>5</sup> which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit

<sup>6</sup> The Chicago Board Options Exchange ("CBOE") has a membership structure that allows a market maker and its affiliates to enter multiple quotes in an options class. CBOE Rule 8.3(c)(vi) restricts market makers from holding appointments in the same class as an affiliate if CBOE uses in that class an allocation algorithm that allocates electronic trades, in whole or in part, in an equal percentage based on the number of market participants quoting at the best bid or offer. The CBOE rule then provides that this restriction does not apply if CBOE uses in a particular options class an allocation algorithm that does not allocate electronic trades, in whole or in part, in an equal percentage based on the number of market participants quoting at the best bid or offer. Unlike the CBOE, the ISE allocation algorithm does not provide for the potential allocation of orders, in whole or in part, in an equal percentage based on the number of market participants quoting at the best bid or offer. ISE Rule 713. Therefore, the proposed ISE rule text does not reference the restriction contained in CBOE Rule 8.3(c)(vi).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

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

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>5</sup> 17 CFR 240.19b-4(f)(6).

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 prescribe the Registered Proprietary Traders Examination (Series 56) (the "Series 56 Examination") as the qualifying examination for registered Market Makers, Market Maker Authorized Traders ("MMATs"), and Floor Brokers. The text of the proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://www.nyse.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 self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

#### *A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change*

##### **1. Purpose**

The Exchange proposes to prescribe the Series 56 Examination as the qualifying examination for registered Market Makers, MMATs, and Floor Brokers.

Exchange Rule 921NY specifies that an applicant must pass an examination prescribed by the Exchange in order to register as a Market Maker. Exchange Rule 921.1NY specifies that an applicant must pass an examination conducted by the Exchange in order to register as a MMAT. For the purposes of these rules, NYSE Amex Options has prescribed the Series 48 as the qualifying exam for both Market Makers and MMATs. Exchange Rule 931NY specifies that an applicant must pass an examination prescribed by the Exchange in order to register as a Floor Broker. For the purposes of this rule, NYSE Amex Options has prescribed the Series 49 as the qualifying exam for Floor Brokers. NYSE Amex Options proposes to change the prescribed examination for Market Makers, MMATs, and Floor Brokers to the Series 56 Examination. In

addition, the Exchange proposes to add a parenthetical reference to the Series 56 examination to Rules 921NY, 921.1NY and 931NY.

The Series 56 Examination was developed by a committee comprised of industry representatives, Exchange staff and staff from other SROs. The Series 56 Examination tests a candidate's knowledge of proprietary trading generally and the industry rules applicable to trading of equity securities and listed options contracts. The Series 56 Examination covers, among other things, recordkeeping and recording requirements; types and characteristics of securities and investments; trading practices; and display, execution, and trading systems.<sup>6</sup> As such the Exchange believes that an applicant who has passed the Series 56 is proven to be qualified to act in the capacity of a Market Maker, Floor Broker and/or MMAT on NYSE Amex Options.

While NYSE Amex Options will no longer be offering the Series 48 or Series 49 as qualifying exams to new applicants, the Exchange will recognize any individual who has passed one of those exams as having successfully completed a qualifying exam. An individual presently registered as a Market Maker, MMAT or Floor Broker on NYSE Amex Options, who has previously passed a qualifying exam as prescribed by the Exchange, will not be required to take the Series 56 as a condition of their continued registration.

Following effectiveness of the proposed rule change, the Exchange will issue a Regulatory Bulletin announcing the compliance date within 30 days of the operative date of the rule change.

##### **2. Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b)<sup>7</sup> of the Securities Exchange Act of 1934 ("Act") in general, and furthers the objectives of (1) Section 6(c)(3)(B)<sup>8</sup> of the Act, pursuant to which a national securities exchange prescribes standards of training, experience and competence for members and their associated persons; and (2) Section 6(b)(5) of the Act,<sup>9</sup> in that it is designed, among other things, to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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 Exchange believes that prescribing the Series 56 Examination for Market Makers, MMATs, and Floor Brokers is appropriate because the Series 56 Examination addresses industry topics that establish the foundation for the regulatory and procedural knowledge necessary for individuals required to register as Market Makers, MMATs, and Floor Brokers. In addition, the Series 56 Examination is shared by other exchanges and has become the industry standard.<sup>10</sup> Accordingly, adopting the Series 56 Examination will help to promote consistency in examination requirements and uniformity across markets.

The Exchange will continue to educate its ATP Holders regarding the requirements that are unique to the Exchange through its orientation programs to ensure that all ATP Holders will continue to be properly registered, trained, and qualified to perform their functions, which will protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

<sup>6</sup> The Exchange previously submitted detailed content outline for the Series 56 examination to the Commission. See Securities Exchange Act Release No. 66482 (February 28, 2012), 77 FR 13170 (March 5, 2012) (SR-NYSEAmex-2012-13).

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(c)(3)(B).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> See Securities Exchange Act Release No. 64699 (June 17, 2011), 76 FR 36945 (June 23, 2011) (SR-CBOE-2011-056). See Securities Exchange Act Release No. 65054 (August 8, 2011), 76 FR 50277 (August 12, 2011) (SR-ISE-2011-36).

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

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

consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>13</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>14</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative upon filing.

The Commission believes it is consistent with the protection of investors and the public interest to waive the 30-day operative delay.<sup>15</sup> Waiver of the 30-day operative delay will enable an associated person of an Exchange firm to qualify as a Market Maker, MMAT or Floor Broker on NYSE Amex Options by passing the Series 56 exam, which is shared by the other options exchanges. The Commission hereby waives the operative delay making the filing effective and operative upon filing.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEMKT-2012-09 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-NYSEMKT-2012-09. 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. Copies of the filing will also be available for inspection and copying at the NYSE's principal office and on its Internet Web site at [www.nyse.com](http://www.nyse.com). 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-NYSEMKT-2012-09 and should be submitted on or before July 16, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67212; File No. SR-ISE-2012-55]

#### Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend a Fee Discount Pilot Program for Large-Sized Foreign Currency Options

June 19, 2012.

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 12, 2012, the International Securities Exchange, LLC (the "Exchange" or the "ISE") filed with the Securities and Exchange Commission the proposed rule change, as described in Items I, II, and III below, which items have been prepared by the self-regulatory organization. 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 ISE is proposing to extend for an additional year the fee discount for large-sized foreign currency ("FX") option orders. The text of the proposed rule change is available on the Exchange's Web site (<http://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 self-regulatory organization 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 prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

##### *A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

##### 1. Purpose

The purpose of this proposed rule change is to extend for an additional year the fee discount for large-sized FX option orders. The Exchange initially adopted the fee discount for large-sized FX option orders in 2008.<sup>3</sup> The fee discount pilot program was subsequently extended<sup>4</sup> and is now set

<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. 58139 (July 10, 2008), 73 FR 41142 (July 17, 2008) (SR-ISE-2008-54).

<sup>4</sup> See Securities Exchange Act Release Nos. 60192 (June 30, 2009), 74 FR 32211 (July 7, 2009) (SR-ISE-2009-42); and 62506 (July 15, 2010), 75 FR 42801 (July 22, 2010) (SR-ISE-2010-67).

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

<sup>14</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>15</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition and capital formation. See 15 U.S.C. 78c(f).

<sup>16</sup> 17 CFR 200.30-3(a)(12).