to be fair and reasonable because these DLMMs satisfy additional quoting and other obligations in the specific option class not faced by either Market Makers in the relevant class or DLMMs without an appointment in the relevant class. The Exchange believes that satisfying additional quoting and other obligations balances the benefit of the DLMM participation entitlement and justifies limiting it to DLMMs with an appointment in the relevant option class. The Exchange notes that such a limitation on the DLMM participation is not new to this proposal, but is a continuation of the current operation of Rule 514(h).

The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar functionality. Many competing venues offer similar functionality to market participants. To this end, the Exchange is proposing a market enhancement to encourage market participants to trade on the Exchange. The Exchange believes the proposed rule change is procompetitive because it would enable the Exchange to provide member organizations with functionality that is similar to that of other exchanges.

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

Written comments were neither solicited nor received.

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

Because the foregoing 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 for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act [11] and Rule 19b–4(f)(6) [12] 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 shall institute proceedings to determine whether the proposed rule 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*. Please include File Number SR–MIAX–2013–20 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–MIAX–2013–20. 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–MIAX–2013–20 and should be submitted on or before May 30, 2013.

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

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2013–11000 Filed 5–8–13; 8:45 am]

BILLING CODE 8011–01–P

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

[12] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[13] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–69511; File No. SR–BOX–2013–06]

Self-Regulatory Organizations; BOX Options Exchange LLC; Order Granting Approval of Proposed Rule Change To List and Trade Option Contracts Overlying 1,000 Shares of the SPDR S&P 500 Exchange-Traded Fund

May 3, 2013.

I. Introduction

On January 18, 2013, BOX Options Exchange LLC (''Exchange'' or ''BOX) 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 list and trade option contracts overlying 1,000 shares of the SPDR S&P 500 Exchange-Traded Fund (''Jumbo SPY Options''). The proposed rule change was published for comment in the **Federal Register** on February 4, 2013.[3] The Commission initially received two comment letters on the proposed rule change.[4] On March 20, 2013, the Commission extended the time period for Commission action to May 5, 2013.[5] The Commission subsequently received one additional comment letter on the proposed rule change.[6] On April 19, 2013, BOX

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 68759 (January 29, 2013), 78 FR 7835 (''Notice'').

[4] *See* letters to Elizabeth M. Murphy, Secretary, Commission, from Janet McGinness, EVP & Corporate Secretary, General Counsel, NYSE Markets, NYSE Euronext (''NYSE''), dated February 25, 2013 (''NYSE Letter'') and Edward T. Tilly, President and Chief Operating Officer, Chicago Board Options Exchange, Incorporated (''CBOE''), dated February 25, 2013 (''CBOE Letter'').

[5] *See* Securities Exchange Act Release No. 69193, 78 FR 18403 (March 26, 2013).

[6] *See* letter to Elizabeth M. Murphy, Secretary, Commission, from Joan C. Conley, Senior Vice President & Corporate Secretary, NASDAQ OMX Group, Inc. (''Nasdaq''), dated March 21, 2013 (''Nasdaq Letter'').

submitted a response to the comment letters.[7] This order grants approval of the proposed rule change.

II. Description of the Proposed Rule Change

The Exchange proposes to list and trade Jumbo SPY Options, which are option contracts that overlie 1,000 SPDR S&P 500 Exchange-Traded Fund (''SPY'') shares. Under the Exchange's proposal, Jumbo SPY Options would be assigned different trading symbols (SPYJ) than the corresponding standard options on SPY.[8] In addition, the Exchange proposes to list Jumbo SPY Options for all expirations applicable to standard options on SPY,[9] and proposes that strike prices for Jumbo SPY Options be set at the same level as standard options on SPY.[10] Bids and offers for Jumbo SPY Options would be expressed in terms of dollars per 1/1000th part of the total value of the options contract.[11] The table below, which was included by the Exchange in its filing, demonstrates the proposed differences between a Jumbo SPY Option and a standard SPY option with a strike price of $45 per share and a bid or offer of $3.20 per share:

	Standard	Jumbo
Shares Deliverable Upon Exercise	100 shares	1,000 shares.
Strike Price	45	45.
Bid or Offer	3.20	3.20.
Premium Multiplier	$100	$1,000.
Total Value of Deliverable	$4,500	$45,000.
Total Value of Contract	$320	$3,200.

The Exchange states that it has analyzed its capacity and represents that it and the Options Price Reporting Authority have the necessary systems capacity to handle the potential additional traffic associated with the listing and trading of Jumbo SPY Options.[12]

III. Discussion and Commission Findings

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.[13] Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,[14] 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 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. Commenters raised and the Exchange addressed in its response several issues related to the proposal, which are discussed below.

All three commenters express concern that the proposal did not specify the minimum price variation that would be applicable to Jumbo SPY Options and that market participants could not understand how this new product would trade without this information.[15] In particular, NYSE expresses concern that if BOX imposes a higher minimum price variation for Jumbo SPY Options as compared to existing SPY options, the marketplace would have no ability to provide tight and competitive markets in Jumbo SPY Options, using standard SPY options as a reference.[16] Similarly, Nasdaq also questions the merit of BOX's conclusion that because of the liquidity in SPY and options on SPY, existing market forces should keep the prices between standard SPY options and Jumbo SPY Options consistent.[17]

NYSE and Nasdaq also state that the proposal fails to discuss Jumbo SPY Options in the context of BOX's price improvement process (''PIP'').[18] NYSE further states that if Jumbo SPY Options would be eligible for the PIP, a different minimum price variation would be of even greater concern.[19] In addition, NYSE points out that the proposal does not discuss the treatment of Jumbo SPY Options for purposes of complex orders, market maker appointments, and market maker quoting obligations.[20] Lastly, CBOE states that the proposal fails to state whether BOX's existing fee schedule will apply to Jumbo SPY Options.[21]

In its response letter, BOX states that it will file a rule change before the launch of Jumbo SPY Options to provide that the minimum price variation for Jumbo SPY Options will be the same as the minimum price variation for standard options on SPY (*i.e.,* penny increments).[22] BOX also states that it will file a rule change before the launch of Jumbo SPY Options to provide additional details with respect to complex orders, PIP, minimum contract thresholds for solicitation and facilitation auctions, market maker appointments and obligations, and fees.[23]

Specifically, BOX notes that Jumbo SPY Options will interact with complex orders in the same manner as mini options.[24] Further, Jumbo SPY Options will be eligible for PIP auctions.[25] With respect to minimum contract thresholds in the solicitation and facilitation auctions, BOX will adjust the thresholds for Jumbo SPY Options to 1/10th of its current requirement for standard options.[26] With respect to market maker appointment and quoting obligations, Jumbo SPY Options will be treated in the same manner as mini options.[27] Finally, BOX states that its current transaction fees will not apply to Jumbo SPY Options, and BOX will not commence trading of Jumbo SPY

[7] *See* letter to Elizabeth M. Murphy, Secretary, Commission, from Lisa J. Fall, President, BOX, dated April 19, 2013 (''BOX Response Letter'').

[8] *See* Notice, *supra* note 3, at 7836.

[9] *See* BOX Rule 5050(e)(1).

[10] *See* BOX Rule 5050(e)(2).

[11] *See* BOX Rule 5050(e)(3).

[12] *See* Notice, *supra* note 3, at 7836. The Exchange also states that it has discussed the proposed listing and trading of Jumbo SPY Options with the Options Clearing Corporation (''OCC''), and the OCC has represented that it is able to accommodate Jumbo SPY Options. *See id.*

[13] 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).

[14] 15 U.S.C. 78f(b)(5).

[15] *See* NYSE Letter, *supra* note 4, at 1–2; CBOE Letter, *supra* note 4, at 3; and Nasdaq Letter, *supra* note 6, at 2.

[16] *See* NYSE Letter, *supra* note 4, at 2.

[17] *See* Nasdaq Letter, *supra* note 6, at 2.

[18] *See* NYSE Letter, *supra* note 4, at 2 and Nasdaq Letter, *supra* note 6, at 2.

[19] *See* NYSE Letter, *supra* note 4, at 2–3.

[20] *See id.,* at 5.

[21] *See* CBOE Letter, *supra* note 4, at 4.

[22] *See* BOX Response Letter, *supra* note 7, at 1.

[23] *See id.,* at 3.

[24] *See id.*

[25] *See id.*

[26] *See id.*

[27] *See id.*

Options until specific fees have been filed with the Commission.[28]

NYSE argues that the proposal provides no explanation for why Jumbo SPY Options would make options on large blocks of the SPY ETF more available as an investing tool, particularly for institutional investors.[29] NYSE also states that, unlike mini options, Jumbo SPY Options do not enable any trade to take place that cannot already take place because an institutional investor looking to purchase 1,000 contracts of a given SPY option is already able to do so in the standard-sized SPY options market.[30] Nasdaq similarly comments that Jumbo SPY Options bring no benefits to investors or the market.[31]

In its response letter, BOX states its belief that Jumbo SPY Options would benefit investors by providing additional methods to trade highly liquid options on SPY and providing greater ability to hedge risk in managing larger portfolios.[32] BOX also states its belief that the market will decide the issue of whether or not Jumbo SPY Options add value, and that market participants may elect not to trade Jumbo SPY options if they find these options to not add value to the marketplace.[33] In addition, in its response letter, BOX represents that its current transaction fees will not apply to Jumbo SPY Options, and it will not commence trading of Jumbo SPY Options until specific fees have been filed with the Commission.[34] The Commission believes that the listing and trading of Jumbo SPY Options could benefit investors by providing them with an additional investment alternative. In addition, the Commission believes, as noted by BOX in the proposal, that the listing and trading of Jumbo SPY Options could benefit investors by providing another means to mitigate risk in managing large portfolios, particularly for institutional investors.[35]

All three commenters express concern that the proposal can cause investor confusion.[36] In its response letter, BOX states that it does not believe that the listing of a third product on SPY will lead to any more confusion than having two options on SPY.[37] BOX notes that Jumbo SPY Options will be designated with a different trading symbol (SPYJ).[38] BOX also states that the marketplace and investors have matured and become more sophisticated, and investors will easily be able to differentiate between standard, mini, and Jumbo SPY options.[39] The Commission agrees that the use of different trading symbols for Jumbo SPY Options should help investors and other market participants to distinguish those options from the corresponding standard and mini options. The Commission also believes that the proposed treatment of strike prices[40] and bids and offers[41] for Jumbo SPY Options is consistent with the Act, as these amendments should make clear how Jumbo SPY Options would be quoted and traded.

NYSE states that Jumbo SPY Options are designed specifically for large institutional investors and are generally too large for average retail investors and, thus, could create a two-tiered market for SPY options.[42] According to NYSE, today, when an institutional investor trades 10 standard SPY options, it helps to foster transparency and price discovery, which directly benefits retail investors.[43] NYSE expresses the concern that Jumbo SPY Options will likely result in some of the institutional activity migrating away from the standard SPY options, to the direct detriment of retail investors.[44] Similarly, CBOE argues that the potential for market fragmentation increases with each additional and different contract on a single security, even if that security is highly liquid with a well-established trading history.[45] Nasdaq also raises questions regarding the potential for a two-tiered market for SPY options and the impact of Jumbo SPY Options on the existing market for standard and mini SPY options.[46] Further, Nasdaq raises the question of whether Jumbo SPY Options could materially fragment liquidity and harm or weaken the price discovery process.[47]

In the case of the market for SPY options, BOX notes in its response letter that there generally exists a critical mass of willing buyers and sellers both for the options and for the underlying securities that mitigate the concerns raised by the commenters.[48] Specifically, BOX notes in its filing that standard options on SPY are currently the most actively traded options in terms of average daily volume.[49] Further, in its filing, BOX states its understanding that the OCC's portfolio margining process will be set to have positions in a standard contract and a jumbo contract set against each other, and that consistent cross margining will be available between standard and jumbo options.[50] BOX concludes that the availability of Jumbo SPY Options would likely result in more efficient pricing through arbitrage with standard SPY options.[51] In its response letter, BOX also states that the trading of Jumbo SPY Options has the potential of providing greater liquidity by providing increased opportunity for trading and, consequently, increasing price transparency by providing additional information to market participants.[52]

The Commission notes that price protection would not apply across standard and Jumbo SPY Options on an intramarket basis, as they are separate products. The Commission recognizes that trading different options products that overlie the same security could disperse trading interest across the products to some extent. In illiquid or nascent markets, increased dispersion across products may cause particular concern, as the markets for the separate products may lack the critical mass of buyers and sellers to allow such a market to become established or, once established, to thrive. The Commission believes that the high trading volume

[28] *See id.*

[29] *See* NYSE Letter, *supra* note 4, at 4.

[30] *See id.*

[31] *See* Nasdaq Letter, supra note 6, at 3.

[32] *See* BOX Response Letter, *supra* note 7, at 2.

[33] *See id.*

[34] *See id.,* at 3.

[35] *See* Notice, *supra* note 3, at 7836.

[36] *See* NYSE Letter, *supra* note 4, at 5–6; CBOE Letter, *supra* note 4, at 2–3; and Nasdaq Letter, *supra* note 6, at 1.

[37] *See* BOX Response Letter, *supra* note 7, at 1.

[38] *See id.,* at 2.

[39] *See id.,* at 1–2.

[40] *See* BOX Rule 5050(e)(2).

[41] *See* BOX Rule 5050(e)(3).

[42] *See* NYSE Letter, *supra* note 4, at 3–4.

[43] *See id.,* at 4.

[44] *See id.*

[45] *See* CBOE Letter, *supra* note 4, at 3.

[46] *See* Nasdaq Letter, *supra* note 6, at 2. *See also* CBOE Letter, *supra* note 4, at n.2 (commenting that the proposal does not reference the potential impact on the marketplace of having three different contracts trading concurrently on the same security) and 4 (stating that the introduction of several contracts on the same security with differing deliverable share amounts warrants an incremental and measured approach by the Commission and that the Commission should consider a studied analysis of the marketplace's reception to and any possible confusion that could result from having different contracts on the same security that expire on the same day and that deliver varying share amounts).

[47] *See* Nasdaq Letter, *supra* note 6, at 2.

[48] *See* BOX Response Letter, *supra* note 7, at 2.

[49] *See* Notice, *supra* note 3, at 7836. According to BOX, the average daily volume for SPY options was 2,156,482 contracts in April 2012. *See id.,* at n.5. The average daily volume for the same period for the next four most actively traded options was: Apple Inc.—1,074,351; S&P 500 Index—656,250; PowerShares QQQ Trust℠, Series 1—573,790; and iShares® Russell 2000® Index Fund—550,316. *See id. See also* OCC Exchange Volume by Class, available at *http://theocc.com/webapps/volbyclass-reports* (indicating that SPY options are currently the most actively traded options in terms of volume).

[50] *See id.,* at 7836.

[51] *See id.*

[52] *See* BOX Response Letter, *supra* note 7, at 3.

and liquidity in the market for SPY and SPY options should mitigate the market fragmentation and price protection concerns that commenters raised.[53] Moreover, the Commission notes that the proposal is limited to jumbo options on SPY and in order to expand the trading of jumbo options beyond those overlying SPY, BOX would be required to file new proposed rule changes with the Commission pursuant to Section 19(b) of the Act.[54] Proposals to expand jumbo options to cover other underlying securities that do not exhibit the depth and liquidity of the SPY and SPY options markets potentially could give rise to concern. Finally, the Commission expects BOX to monitor the trading of Jumbo SPY Options to evaluate whether any issues develop.

As a national securities exchange, the Exchange is required, under Section 6(b)(1) of the Act,[55] to enforce compliance by its members and persons associated with its members with the provisions of the Act, Commission rules and regulations thereunder, and its own rules. In this regard, the Commission notes that the Exchange's rules that apply to the trading of standard options would apply to Jumbo SPY Options. The Commission also notes that the Exchange's existing market maker quoting obligations would apply to Jumbo SPY Options.[56] In addition, the Commission notes that intermarket trade-through protection would apply to Jumbo SPY Options to the extent that they are traded on more than one market.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[57] that the proposed rule change (SR–BOX–2013–06) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[58]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2013–11002 Filed 5–8–13; 8:45 am]

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[53] *See* OCC Exchange Volume by Class, available at *http://theocc.com/webapps/volbyclass-reports* (indicating that SPY options are currently the most actively traded options in terms of volume).

[54] *See* Notice, *supra* note 3, at n.5.

[55] 15 U.S.C. 78f(b)(1).

[56] *See* BOX Rule 8050.

[57] 15 U.S.C. 78s(b)(2).

[58] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–69510; File No. SR–EDGX–2013–15]

Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amendments to the EDGX Exchange, Inc. Fee Schedule

May 3, 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 May 1, 2013, EDGX Exchange, Inc. (the ''Exchange'' or ''EDGX'') 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 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 Exchange proposes to amend its fees and rebates applicable to Members [3] of the Exchange pursuant to EDGX Rule 15.1(a) and (c). All of the changes described herein are applicable to EDGX Members. The text of the proposed rule change is available on the Exchange's Internet Web site at *www.directedge.com,* at the Exchange's principal office, and at the Public Reference Room of the Commission.

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.

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

[2] 17 CFR 240.19b–4.

[3] As defined in Exchange Rule 1.5(n).

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

1. Purpose

In securities priced at or above $1.00, the Exchange currently provides a rebate of $0.0002 per share for Members' orders that yield Flag BY, which routes to BATS BYX (''BYX'') and removes liquidity using routing strategies ROUC, ROUE, or ROBY.[4] The Exchange proposes to amend its fee schedule to assess no charge (''free'') nor provide any rebate for Members' orders that yield Flag BY. When Direct Edge ECN LLC (d/b/a DE Route) (''DE Route''), the Exchange's affiliated routing broker-dealer, routes to BYX, it is rebated $0.0005 per share for adding an average daily volume of 50,000 shares per day on BYX.[5] However, DE Route will pass through the non-tiered rate on BYX (no fee nor rebate) to the Exchange and the Exchange, in turn, will pass through no fee nor rebate to its Members.[6]

In securities priced at $1.00 or above, the Exchange currently assesses a charge of $0.0005 per share for Members' orders that yield Flag RY, which routes to BYX and adds liquidity. The Exchange proposes to amend its fee schedule to increase the rate it charges Members from $0.0005 per share to $0.0007 per share for Flag RY. The proposed change represents a pass through of the rate that DE Route is charged for routing orders to BYX that do not qualify for additional volume tiered discounts.[7] DE Route passes through the charge to the Exchange and the Exchange, in turn, passes through the charge to its Members. The Exchange notes that the proposed change is in response to BYX's April 2013 fee filing with the Commission, wherein BYX increased the rate it charges its customers, such as DE Route, from a charge of $0.0005 per share to a charge of $0.0007 per share for orders

[4] As defined in Exchange Rule 11.9(b)(2).

[5] *See* Securities Exchange Act Release No. 69317 (April 5, 2013), 78 FR 21651 (April 11, 2013) (SR–BYX–2013–012) (amending the rebate BYX provides for removing liquidity from the BYX order book for executions by members that add a daily average volume of at least 50,000 shares from $0.0002 per share to $0.0005 per share).

[6] The Exchange notes that to the extent DE Route does or does not achieve any volume tiered rebate on BYX, its rate for Flag BY will not change. *See* BYX Fee Schedule, *http://cdn.batstrading.com/resources/regulation/rule_book/BATS-Exchanges_Fee_Schedules.pdf* (offering no rebate to remove liquidity from BYX for executions by its members that do not qualify for an enhanced rebate).

[7] The Exchange notes that to the extent DE Route does or does not achieve any volume tiered rebate on BYX, its rate for Flag RY will not change.