their appointed classes, which the Exchange believes eliminates the risk of a material decrease in liquidity. While the time during which Market-Makers must provide continuous quotes will be slightly reduced, Market-Makers will still be obligated to provide continuous electronic quotes for a significant part of the trading day in 60% of series of each appointed class. Additionally, all Market-Makers will continue to be obligated to quote the series when requested by an Exchange official, or if the need otherwise arises. Accordingly, the proposal supports the quality of C2's market by helping to ensure that Market-Makers will continue to be obligated to quote in series when necessary.

The proposed rule change also will allow the Exchange to require its Market-Makers to provide continuous quotes in their appointed classes for a portion of the trading day that is the same as that of market-makers at other exchanges, which the Exchange believes will help remove impediments to and promote a free and open market.

Finally, the proposed rule change to Rule 8.13(d) protects investors and the public interest by clarifying in the Rules the continuous quoting obligations of Preferred Market-Makers.

For the foregoing reasons, the Exchange believes that the balance between the benefits provided to Market-Makers and the obligations imposed upon Market-Makers by the proposed rule change is appropriate.

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

C2 does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated above, the Exchange notes that the proposed rule change is comparable to current rules at competing options exchanges related to market-maker continuous quoting obligations [10] and will ensure fair competition among the options exchanges with respect to these obligations.

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.

[10] *See supra* note 3.

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

Because the foregoing proposed rule change does not:

A. Significantly affect the protection of investors or the public interest;

B. Impose any significant burden on competition; and

C. Become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate,

it has become effective pursuant to Section 19(b)(3)(A) [11] of the Act and Rule 19b–4(f)(6) [12] thereunder.

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

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission's Internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov*. Please include File Number SR–C2–2012–022 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–C2–2012–022. 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–C2–2012–022 and should be submitted on or before August 7, 2012.

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

[12] 17 CFR 240.19b–4(f)(6).

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

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012–17347 Filed 7–16–12; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–67410; File No. SR–CBOE–2012–064]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Continuous Electronic Quotes

July 11, 2012.

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 July 5, 2012, the Chicago Board Options Exchange, Incorporated (the ''Exchange'' or ''CBOE'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

[13] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its Rules relating to continuous electronic quotes. 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.

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 purpose of the proposed rule change is to amend Rule 1.1(ccc), ''Continuous Electronic Quotes,'' to reduce to 90% the percentage of time for which a Market-Maker is required to provide electronic quotes in an appointed option class on a given trading day. Additionally, the proposed rule change amends Rules 8.13, 8.15A, 8.85 and 8.93 to increase to the lesser of 99% or 100% minus one call-put pair the percentage of series in each class in which Preferred Market-Makers (''PMMs''), LMMs, Designated Primary Market-Makers (''DPMs''), and electronic DPMs (''e-DPMs''), respectively (Market-Makers, PMMs, LMMs, DPMs and e-DPMs are collectively referred to in this filing as ''Market-Makers'' unless the context provides otherwise), must provide continuous electronic quotes. The proposed rule change is comparable to the rules of other options exchanges applicable to equivalent market participants.[3]

Rules 8.7, 8.13, 8.15A, 8.85, and 8.93 impose certain obligations on Market-Makers, PMMs, LMMs, DPMs, and e-DPMs, respectively. These Rules require that Market-Makers generally maintain continuous electronic quotes as follows:

• Rule 8.7(d)(ii)(B) requires that Market-Makers provide continuous electronic quotes when quoting in a particular class on a given trading day in 60% of the non-adjusted option series of the Market-Maker's appointed class that have a time to expiration of less than nine months;

• Rule 8.13(d) requires that PMMs provide continuous electronic quotes when the Exchange is open for trading in at least 90% of the non-adjusted option series of each class for which it receives Preferred Market-Maker orders;

• Rule 8.15A(b)(i) requires that LMMs provide continuous electronic quotes when the Exchange is open for trading in at least 90% of the non-adjusted option series within their assigned classes;

• Rule 8.85(a)(i) requires DPMs to provide continuous electronic quotes when the Exchange is open for trading in at least 90% of the non-adjusted option series of each multiply listed option class allocated to it and in 100% of the non-adjusted option series of each singly listed option class allocated to it; and

• Rule 8.93 requires e-DPMs to provide continuous electronic quotes when the Exchange is open for trading in at least 90% of the non-adjusted option series of each allocated class.

Rule 1.1(ccc) currently provides that a Market-Maker who is obligated by CBOE Rules to provide continuous electronic quotes will be deemed to have provided ''continuous electronic quotes'' if the Market-Maker provides electronic two-sided quotes for 99% of the time that the Market-Maker is required to provide electronic quotes in an appointed option class on a given trading day. The rule also provides that if a technical failure or limitation of a system of the Exchange prevents the Market-Maker from maintaining, or from communicating to the Exchange, timely and accurate electronic quotes in a class, the duration of such failure will not be considered in determining whether the Market-Maker has satisfied the 99% quoting standard with respect to that option class. The Exchange may consider other exceptions to this continuous electronic quote obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

The Exchange proposes to amend the definition of continuous electronic quotes to mean 90% of the time a Market-Maker is required to quote in an appointed option class on a given trading day. The rule will still provide for automatic exceptions for technical failures or system limitations and discretionary exceptions based on demonstrated legal or regulatory requirements or other mitigating circumstances.

The Exchange also proposes to increase the percentage of series in each option class in which PMMs, LMMs, DPMs and e-DPMs are required to provide continuous electronic quotes. The proposed rule change amends: (i) Rule 8.13(d) to require PMMs to provide

[3] The continuous quoting obligations for NASDAQ Options Market (''NOM'') market-makers and NASDAQ OMX PHLX LLC (''PHLX'') streaming quote trades (''SQTs'') and remote SQTs (''RSQTs'') (similar to Market-Makers) are generally as follows: (1) NOM Chapter VII, Section 6(d)—market-makers must enter continuous bids and offers in at least 60% of the series in options in which the market-maker is registered for 90% of the trading day (as a percentage of the total number of minutes in such trading day) or such higher percentage as NASDAQ may announce in advance; and (2) PHLX Rule 1014(b)(ii)(D)(1)–SQTs and RSQTs must quote two-sided markets in 60% of series of the options in which they are assigned for at least 90% of the trading day (as a percentage of the total number of minutes in such trading day).

The continuous quoting obligations for NYSE Amex LLC (''NYSE Amex'') and NYSE Arca, Inc. (''NYSE Arca'') directed order market-makers and PHLX directed SQTs and RSQTs (similar to PMMs) are as follows: (1) NYSE Amex Options Rules 964.1NY—directed order market-makers must provide continuous two-sided quotations throughout the trading day in issues for which it receives directed orders for 90% of the time NYSE Amex is open for trading in each issue (applies to all of the directed order market-maker's appointed issues collectively); (2) NYSE Arca Options Rules 6.88—directed order market-makers must provide continuous two-sided quotations throughout the trading day in issues for which it receives directed orders for 90% of the time NYSE Arca is open for trading in each issue (applies to all of the directed order market-maker's appointed issues collectively); and (3) PHLX Rule 1014(b)(ii)(D)(1)—directed SQTs and RSQTs must quote two-sided markets in the lesser of 99% of series listed on the exchange or 100% of the series listed on the exchange minus one call-put pair, in each case in at least 60% of the options classes in which they are assigned for at least 90% of the trading day (as a percentage of the total number of minutes in such trading day); once they enter a quote in an assigned class, they must maintain until the close of that trading day quotations for the lesser of 99% of the series of the option listed on the Exchange or 100% of the series of the option listed on the Exchange minus one call-put pair.

The continuous quoting obligations for NYSE Amex and PHLX specialists and NYSE Arca lead market-makers (similar to LMMs, DPMs and e-DPMs) are as follows: (1) NYSE Amex Options Rules 925.1NY—specialists must provide continuous two-sided quotations throughout the trading day in its appointed issues for 90% of the time NYSE Amex is open for trading in each issue (applies to all of the specialist's appointed issues collectively); (2) NYSE Arca Options Rules 6.37B—lead market-makers must provide continuous two-sided quotations throughout the trading day in its appointed issues for 90% of the time NYSE Arca is open for trading in each issue (applies to all of the lead market-maker's appointed issues collectively); and (3) PHLX Rule 1014(b)(ii)(D)(1)—specialists are responsible to quote two-sided markets in the lesser of 99% of the series or 100% of the series minus one call-put pair in each option in which such specialist is assigned for 90% of the trading day (as a percentage of the total number of minutes in such trading day).

continuous electronic quotes when the Exchange is open for trading in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair [4] of each class for which it receives Preferred Market-Maker orders; (ii) Rule 8.15A(b)(i) to require LMMs to provide continuous electronic quotes when the Exchange is open for trading in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair within their assigned classes; (iii) Rule 8.85(a)(i) to require DPMs to provide continuous electronic quotes when the Exchange is open for trading in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair of each option class allocated to them; and (iv) Rule 8.93 to require e-DPMs to provide continuous electronic quotes when the Exchange is open for trading in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair of each allocated class.

The proposed rule change also makes additional changes to create consistency among the continuous quoting obligations for all CBOE Market-Makers. The proposed rule change eliminates the separate quoting requirements for DPMs in singly listed and multiply listed classes. This will cause the quoting obligation for multiply listed classes to increase from 90% to 99% of the series and for singly listed classes to decrease slightly from 100% to 99%. The Exchange believes that is no longer necessary to have a separate, slightly higher requirement for singly listed classes given the increase in the obligation for multiply listed series. The proposed rule change also deletes the requirement that e-DPMs will alternatively be required to respond to 98% of the requests for quotes (''RFQs'') if the Exchange has enabled RFQ functionality in a class. The Exchange never enabled the RFQ functionality in any class for e-DPMs, and it is no longer available. Therefore, the Exchange believes it is appropriate to delete this provision from the e-DPM rules.

The Exchange does not believe that the proposed rule change would adversely affect the quality of the Exchange's markets or lead to a material decrease in liquidity. Rather, the Exchange believes that its current market structure with its high rate of participation by Market-Makers permits the lowering of the quoting time obligation without fear of losing liquidity. Market-Makers will continue to be required to provide continuous electronic quotes in 60% of each allocated class. Additionally, for PMMs, LMMs, DPMs and e-DPMS, the proposed reduction in required quoting time will be offset by the increase in percentage of series in each appointed class in which PMMs, LMMs, DPMs and e-DPMs are required to provide continuous electronic quotes. The proposed rule change to require PMMs, LMMs, DPMs and e-DPMs to quote in the lesser of 99% of the series or 100% of the series minus one call-put pair in each class provides flexibility in assignments that contain relatively fewer series and avoids situations when failure to quote 90% of the trading day in merely one individual option or one pair breaches the quoting requirement.

The Exchange Rules also impose a number of other obligations on Market-Makers that will continue to ensure that they create and maintain a fair and orderly market in the option classes to which they are assigned. The proposed rule change would not excuse a Market-Maker that is present on the trading floor from its obligation to provide a two-sided market complying with the bid/ask differential requirements in response to any request for quote by a floor broker, Trading Permit Holder or PAR Official.[5] The proposed rule change would also not excuse a Market-Maker that is present on the trading floor from its obligation to provide an open outcry two-sided market complying with the bid/ask differential requirements in response to a request for a quote by a Trading Permit Holder or PAR Official directed at that Market-Maker or when, in response to a general request for a quote by a Trading Permit Holder or PAR Official, a market is not then being vocalized by a reasonable number of Market-Makers.[6] Further, the proposed rule change would not excuse a Market-Maker from its obligation to submit a single quote or maintain continuous quotes in one or more series of a class to which the Market-Maker is appointed when called upon by an Exchange official if, in the judgment of such official, it is necessary to do so in the interest of maintaining a fair and orderly market.[7]

In support of this proposal, the Exchange notes that other competing options exchanges impose continuous quoting obligations on their market participants that have equivalent rights and obligations as Market-Makers, PMMs, LMMs, DPMs and e-DPMs that are comparable to the obligations proposed in this filing:

MARKET-MAKERS

	% Time	% Series	Classes
CBOE (current rule)	99% of the time required to provide quotes on a trading day when quoting.	60	Class-by-class.
NOM	90% of a trading day	60	All classes collectively.
PHLX (SQTs and RSQTs)	90% of the trading day	60	All classes collectively.

PMMS

	% Time	% Series	Classes
CBOE (current rule)	99% of the time required to provide quotes on a trading day	90	Class-by-class.
NYSE Amex (directed order market-makers).	90% of the time open for trading	N/A	All classes collectively.

[4] A ''call-put pair'' consists of two individual options, one call and one put, which cover the same underlying instrument and have the same expiration date and exercise price. Failure to maintain a qualifying (90% of the time, as proposed in this filing) quote in just one call, one put, or in one call and one ''paired'' put, would not by itself (assuming all other series of a class are being quoted as required) constitute a violation of 99%-of-the-series requirement.

[5] *See* Rule 8.7(d)(i)(C) (relating to a request for quote by a floor broker) and (ii)(C) (relating to a request for a quote by a Trading Permit Holder or PAR Official).

[6] *See* Rule 8.7(d)(iv).

[7] *Id.*

PMMS—Continued

	% Time	% Series	Classes
NYSE Arca (directed order market-makers).	90% of the time open for trading	N/A	All classes collectively.
PHLX (directed SQTs and RSQTs).	90% of the trading day	99% (or 100% minus one call-put pair) 60	60% of classes (and any classes in which they enter quotes during a trading day). Remaining classes.

LMMS/DPMS/E-DPMS

	% Time	% Series	Classes
CBOE (current rule)	99% of the time required to provide quotes on a trading day.	90% *	Class-by-class.
NYSE Amex (specialists)	90% of the time open for trading	N/A	All classes collectively.
NYSE Arca (lead market-makers).	90% of the time open for trading	N/A	All classes collectively.
PHLX (specialists)	90% of the trading day	99% (or 100% minus one call-put pair)	Class-by-class.

* DPMs are required to quote in 100% of the series in a class for singly listed options. E–DPMs are alternatively required to respond to 98% of the RFQ if the Exchange has enabled RFQ functionality in a class. The proposed rule change eliminates both of those alternative requirements.

As the above tables show, there are slight differences among the quoting obligations of these exchanges, including differences in the application of these obligations to appointed option classes collectively or on a class-by-class basis and slight differences in the percentages of series of appointed classes in which market-makers must provide continuous electronic quotes. However, the Exchange believes that despite these slight variations, upon effectiveness of the proposed rule change, Market-Makers will be required to provide continuous electronic quotes for the same amount of time in the same or a substantially similar percentage of series as market-makers at these other exchanges.

To demonstrate this point, consider a Market-Maker with 10 appointed classes, each of which has 50 series, for a total of 500 series, quoting in each class during a regular 390-minute trading day.[8] The following table shows the ''minimum total quoting minutes,'' which equals the number of required minutes in a trading day times the number of series required to be quoted,[9] of CBOE Market-Makers, NOM market-makers and PHLX SQTs or RSQTs (assuming effectiveness of the proposed rule change): [10]

Exchange	% time required to quote	% series required to quote	Minimum total quoting minutes
CBOE	90% (351 minutes)	60% (300 series)	105,300 (351 minutes × 300 series)
NOM	90% (351 minutes)	60% (300 series)	105,300 (351 minutes × 300 series)
PHLX	90% (351 minutes)	60% (300 series)	105,300 (351 minutes × 300 series)

The following table shows the ''minimum total quoting minutes'' of CBOE PMMs, NYSE Amex and NYSE Arca directed order market-makers, and PHLX directed SQTs and RSQTs (assuming effectiveness of the proposed rule change):

Exchange	% time required to quote	% series required to quote	Minimum total quoting minutes
CBOE	90% (351 minutes)	99% (495 series)	173,745 (351 minutes × 495 series)
NYSE Amex *	90% (351 minutes)	100% (500 series)	175,500 (351 minutes × 500 series)
NYSE Arca *	90% (351 minutes)	100% (500 series)	175,500 (351 minutes × 500 series)

[8] The Exchange notes that Rule 8.7(d)(iii) provides that the continuous quoting obligation applies to a Market-Maker on a per class basis only when the Market-Maker is quoting in a particular class on a given trading day. For purposes of this example, the Exchange assumes that a Market-Maker is quoting in all of its appointed classes for an entire trading day.

[9] The ''maximum total quoting minutes'' in a trading day would equal 390 minutes times 500 series, or 195,000.

[10] Given CBOE's current 99% requirement, the minimum total quoting minutes for CBOE Market-Makers quoting in all classes for an entire trading day is 115,830 (386.1 minutes × 300 series), assuming they are quoting in all appointed classes for an entire trading day, which is higher than that of NOM market-makers and PHLX SQTs and RSQTs.

[11] *See supra* note 3.

Exchange	% time required to quote	% series required to quote	Minimum total quoting minutes
PHLX**	90% (351 minutes)	99% (495 series)	173,745 (351 minutes × 495 series)

*NYSE Amex and NYSE Arca rules do not specify a minimum percentage of series in which their directed order market-makers must maintain continuous electronic quotes in their appointed classes.[11] The Exchange assumes for purposes of this example that the continuous quoting obligation applies to 100% of series in all appointed classes.

**Phlx rules provide that directed SQTs and RSQTs must quote two-sided markets in the lesser of 99% of series listed on the exchange or 100% of the series listed on the exchange minus one call-put pair, in each case in at least 60% of the options classes in which they are assigned for at least 90% of the trading day (as a percentage of the total number of minutes in such trading day). Additionally, once they enter a quote in an assigned class, they must maintain until the close of that trading day quotations for the lesser of 99% of the series of the option listed on the Exchange or 100% of the series of the option listed on the Exchange minus one call-put pair. The Exchange assumes for purposes of this example that the directed SQT/RSQT enters quotes in all of its assigned classes during the trading day.

The following table shows the ''minimum total quoting minutes'' of CBOE LMMs/DPMs/e-DPMs, NYSE Amex specialists, NYSE Arca lead market-makers, and PHLX specialists (assuming effectiveness of the proposed rule change):

Exchange	% time required to quote	% series required to quote	Minimum total quoting minutes
CBOE	90% (351 minutes)	99% (495 series)	173,745 (351 minutes × 495 series)
NYSE Amex*	90% (351 minutes)	100% (500 series)	175,500 (351 minutes × 500 series)
NYSE Arca*	90% (351 minutes)	100% (500 series)	175,500 (351 minutes × 500 series)
PHLX	90% (351 minutes)	99% (495 series)	173,745 (351 minutes × 495 series)

*NYSE Amex and NYSE Arca rules do not specify a minimum percentage of series in which their specialists and lead market-makers, respectively, must maintain continuous electronic quotes in their appointed classes.[12] The Exchange assumes for purposes of this example that the continuous quoting obligation applies to 100% of series in all appointed classes.

As the above example demonstrates, upon effectiveness of the proposed rule change, the minimum quoting minutes for Market-Makers will be the same as those of NOM market-makers and PHLX SQTs and RSQTs.[13] The minimum quoting minutes of PMMs will be slightly less than NYSE Amex and NYSE Arca directed order market-makers and the same as PHLX directed SQTs and RSQTs. The minimum quoting minutes of LMMs, DPMs and e-DPMs will be the same as PHLX specialists and slightly less than NYSE Amex specialists and NYSE Arca lead market-market makers.[14]

The Exchange believes this proposal will make the quoting time requirements of Market-Makers more comparable to those at other options exchanges and is therefore essential for competitive purposes. CBOE believes it is disadvantageous to CBOE Market-Makers if they are subject to stricter timing requirements with respect to their continuous quoting obligations than market-makers at other options exchanges.

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.[15] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[16] requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

In particular, the Exchange believes this proposed rule change promotes just and equitable principles of trade because it reduces burdens and unnecessary restrictiveness on Market-Makers. The Exchange still imposes many obligations on Market-Makers to maintain a fair and orderly market in their appointed classes, which the Exchange believes eliminates the risk of a material decrease in liquidity. While the time during which Market-Makers must provide continuous electronic quotes will be slightly reduced, Market-Makers will still be obligated to provide continuous electronic quotes for a significant part of the trading day in 60% of series of each appointed class. PMMs, LMMs, DPMs and e-DPMs will be obligated to provide continuous electronic quotes for a significant part of the trading date in an increased percentage (99% or 100% minus one call-put pair) of series of each appointed class. Additionally, all Market-Makers will continue to be obligated to quote the series when requested by a floor broker, Trading Permit Holder or PAR Official, or if the need otherwise arises.

Accordingly, the proposal supports the quality of CBOE's markets by helping to ensure that Market-Makers will continue to be obligated to quote in series when necessary. With respect to PMMs, LMMs, DPMs and e-DPMs, the benefit provided to these Market-Makers from the proposed reduction in required quoting time is offset by the proposed increased in required percentage of series in which these Market-Makers must provide continuous electronic quotes. Ultimately, the benefits the

[12] *Id.*

[13] In addition, because CBOE applies its continuous quoting obligation to Market-Makers on a class-by-class basis as opposed to all classes collectively as the other exchanges do, CBOE's rules ensure that Market-Makers, when they are quoting in all appointed classes for an entire trading day, provide liquidity in a significant number of series in each class in which they are quoting, whereas the other exchanges' rules could result in reduced or no liquidity in certain classes.

[14] The Exchange notes that for PMMs, LMMs, DPMs and e-DPMs, upon effectiveness of the proposed rule change, the ''minimum quoting minutes'' will be the same as it is currently for those Market-Makers (using the above example, the current minimum quoting minutes is 386.1 minutes × 450 series = 173,745 quoting minutes).

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

[16] 15 U.S.C. 78f(b)(5).

proposed rule change confers upon Market-Makers are offset by the continued, and for PMMs, LMMs, DPMs and e-DPMs increased, responsibilities to provide significant liquidity to the market to the benefit of market participants. In addition, the proposal allows flexibility with respect to PMMs', LMMs', DPMs' and e-DPMs' assignments that contain relatively fewer series and reduces unnecessary rigidity in DPMs' quoting obligations with respect to singly listed series.

The proposed rule change also protects investors and the public interest by creating more uniformity and consistency among the Exchange's rules related to Market-Maker quoting obligations and deleting a provision regarding functionality that is no longer used by the Exchange.

Finally, the proposed rule change allows the Exchange to require its Market-Makers to provide continuous quotes in a percentage of series in their appointed classes for a portion of the trading day that is the same as that of market-makers at other exchanges, which the Exchange believes will ultimately make the Exchange more competitive and help remove impediments to and promote a free and open market.

For the foregoing reasons, the Exchange believes that the balance between the benefits provided to Market-Makers and the obligations imposed upon Market-Makers by the proposed rule change is appropriate.

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

CBOE does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated above, the Exchange notes that the proposed rule change is comparable to current rules at competing options exchanges related to market-maker continuous quoting obligations [17] and will ensure fair competition among the options exchanges with respect to these obligations.

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.

[17] *See supra* note 3.

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

Because the foregoing proposed rule change does not:

A. Significantly affect the protection of investors or the public interest;

B. Impose any significant burden on competition; and

C. Become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) [18] of the Act and Rule 19b–4(f)(6) [19] thereunder.

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

IV. Solicitation of Comments

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

Electronic Comments

• Use the Commission's Internet comment form (*http://www.sec.gov/rules/sro.shtml*); or

• Send an email to *rule-comments@sec.gov*. Please include File Number SR–CBOE–2012–064 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–2012–064. 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–CBOE–2012–064 and should be submitted on or before August 7, 2012.

[18] 15 U.S.C. 78s(b)(3)(A).

[19] 17 CFR 240.19b–4(f)(6).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[20]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012–17348 Filed 7–16–12; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–67413; File No. SR–NASDAQ–2012–084]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Rule 4751(f)(7) Concerning the Processing of the Price To Comply Order

July 11, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on July 2, 2012, The NASDAQ Stock Market LLC ("NASDAQ" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to modify how the processing of a Price to Comply

[20] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.