This is because the legal requirements of the subsequent issuances remain unchanged from the base prospectus and the asset servicing requirements generally follow a few basic structures. As such, DTC has proposed to adjust its Fee Schedule to reflect the following tiered pricing:

(i) A Participant closing 15 or more equity or debt derivatives in a day will be assessed the current “Complex Eligibility Fee” ($750) for the first 14 issuances.

(ii) Beginning with the 15th issuance, the fee will be reduced to the current “Basic Eligibility Fee” ($350 or $500 depending on single versus multi CUSIP).

Issuances that contain the option to receive the underlying stock at maturity will not qualify for the tiered pricing and will continue to be assessed the “Complex Eligibility Fee” because they still require a manually intensive set-up process.

The proposed fee revisions are consistent with DTC’s overall pricing philosophy to align service fees with underlying costs, discourage manual and exception processing, and encourage immobilization and dematerialization of securities. DTC intends for these fee adjustments to be effective January 2, 2012.

DTC believes the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder applicable to DTC because it would clarify and update DTC’s fee schedule to facilitate the equitable allocation of reasonable dues, fees, and other charges among DTC’s participants.

(B) Self-Regulatory Organization’s Statement on Burden on Competition

DTC 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

Written comments relating to the proposed rule change have not yet been solicited or received by DTC.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act and Rule 19b–4(f)(2) thereunder because it is establishing or changing a due, fee, or other charge applicable only to a member. At any time within sixty days of the filing of such 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–DTC–2011–13 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–DTC–2011–13. 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 Reference, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at DTC’s principal office and on DTC’s Web site at http://www.dtcc.com/

SECURITIES AND EXCHANGE COMMISSION


December 28, 2011.

I. Introduction

Exchange LLC (“ISE”), The NASDAQ Stock Market LLC (“Nasdaq”), National Stock Exchange, Inc. (“NSX”), New York Stock Exchange LLC (“NYSE”), NYSE Arca, Inc. (“NYSE Arca”), and NASDAQ OMX PHXL LLC (“Phlx”) (collectively, the “SROs”) 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 proposed rule changes (the “SRO Proposals”) to amend certain of their respective rules relating to trading halts due to extraordinary market volatility. The SRO Proposals were published for comment in the Federal Register on October 4, 2011.3 The Commission received seven comment letters on the SRO Proposals.4

On November 17, 2011, the Commission extended the time period in which to either approve the SRO Proposals, disapprove the SRO Proposals, or to institute proceedings to determine whether to disapprove the SRO Proposals, to December 30, 2011.5 This order institutes proceedings under Section 19(b)(2)(B) of the Act to determine whether to disapprove the SRO Proposals.

II. Description of the Proposals

In the SRO Proposals, the exchanges and FINRA propose to revise the existing market-wide circuit breakers, which halt trading in all NMS securities in the event of extraordinary market volatility, in order to make them more meaningful in today’s high-speed electronic markets. In so doing, the exchanges and FINRA took into account the events of May 6, 2010, where the markets experienced excessive volatility in a short period of time, as well as the recommendations of the Joint CFTC–SEC Advisory Committee on Emerging Regulatory Issues.

The existing market-wide circuit breakers provide for specified trading halts following certain “Level 1,” “Level 2,” and “Level 3” market declines.6 The values of Levels 1, 2, and 3 are calculated at the beginning of each calendar quarter, using 10%, 20%, and 30%, respectively, of the average closing value of the Dow Jones Industrial Average (“DJIA”) for the month prior to the beginning of the quarter.7 The existing Level 1, Level 2, and Level 3 circuit breakers operate as follows:

Level 1 Halt
Before 2 p.m.—one hour;
At or after 2 p.m. but before 2:30 p.m.—30 minutes;
At or after 2:30 p.m.—trading shall continue, unless there is a Level 2 Halt.

Level 2 Halt
Before 1 p.m.—two hours;
At or after 1 p.m. but before 2 p.m.—one hour;
At or after 2 p.m.—trading shall halt and not resume for the rest of the day.

Level 3 Halt
At any time—trading shall halt and not resume for the rest of the day.

III. Limit Up-Limit Down Plan

Separately, there currently is pending before the Commission a proposal by the equities exchanges and FINRA to establish a new mechanism to address extraordinary market volatility in individual securities, pursuant to a national market system plan under Rule 600(b) of Regulation NMS to address extraordinary market volatility (the National Market System Plan To Address Extraordinary Market Volatility, or, the “Limit Up-Limit Down Plan”).8 The new Limit Up-Limit Down Plan, which would replace the existing single-stock circuit breaker mechanism,9 would prevent trades in individual securities from occurring outside of a specified price band, and would be coupled with a trading pause mechanism to accommodate more fundamental price moves. In essence, a security would enter a “limit state” if its price moves a certain percentage—generally 5%, 10% or 20%, depending on the stock and the time of day—over a 5-minute period. If the market does not naturally exit the limit state within 15 seconds, there would be a five-minute trading pause. The Commission currently is reviewing the comments received.10

As discussed below, the Commission, in the Notices for the SRO Proposals, specifically requested comment on how the proposed changes to the market-wide circuit breakers would interact

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3 See Securities Exchange Act Release Nos. 65437 (September 28, 2011), 76 FR 61466 (October 4, 2011); 65428 (September 28, 2011), 76 FR 61453 (October 4, 2011); 65429 (September 28, 2011), 76 FR 61432 (October 4, 2011); 65433 (September 28, 2011), 76 FR 61453 (October 4, 2011); 65438 (September 28, 2011), 76 FR 61447 (October 4, 2011); 65426 (September 28, 2011), 76 FR 61460 (October 4, 2011); 65431 (September 28, 2011), 76 FR 61425 (May 12, 2011); 65440 (September 28, 2011), 76 FR 61466 (October 4, 2011); 65430 (September 28, 2011), 76 FR 61429 (October 4, 2011); 65425 (September 28, 2011), 76 FR 61438 (October 4, 2011); 65435 (May 6, 2011), 76 FR 61416 (October 4, 2011); 65436 (September 28, 2011), 76 FR 61450 (October 4, 2011); 65427 (September 28, 2011), 76 FR 61457 (October 4, 2011); 65432 (September 28, 2011), 76 FR 61422 (October 4, 2011); 65439 (September 28, 2011), 76 FR 61463 (October 4, 2011); 65434 (September 28, 2011), 76 FR 61419 (October 4, 2011) (collectively, the “Notices”).
6 See SIFMA Letter 808.
7 Each percentage calculation is rounded to the nearest 50 points, and remains in effect until the next quarterly calculation.
10 The final date for Commission action on the Limit Up-Limit Down Plan is February 29, 2012 unless the Participants consent to a further extension. See Letter from Janet M. McGinness, Senior Vice President, Legal and Corporate Secretary, NYSE Euronext, to Elizabeth M. Murphy, Secretary, Commission, dated November 18, 2011.
with the limit up/limit down mechanism for individual securities, if approved, and several commenters expressed views on this issue.\textsuperscript{11} IV. Comment Letters

The Commission received seven comment letters on the SRO Proposals.\textsuperscript{12} Several commenters expressed concern that the Level II circuit breaker would not apply after 3:25 p.m.\textsuperscript{13} As explained in the Notices, the SROs adopted this approach to avoid disrupting the normal 4 p.m. market close. The Commission, however, specifically solicited comment on whether some provision should be made to end the regular trading session if a market decline suddenly occurs after 3:25 p.m., even if the decline is less than 20%. These commenters believed that the proposal would potentially leave the market vulnerable to a severe decline that occurs late in the trading day, and instead suggested that a Level II circuit breaker triggered at or after 3:25 p.m. halt trading for the remainder of the trading session.\textsuperscript{14}

The Commission also specifically requested comment on how the proposed changes would interact with the single-stock circuit breaker pilot program or, if approved, the proposed limit up/limit down mechanism for individual securities. The Commission further asked whether the market-wide circuit breaker should be triggered if a sufficient number of single-stock circuit breakers or price limits are triggered. One commenter believed that the market-wide circuit breaker should be triggered if a sufficient number of single-stock circuit breakers or price limits are triggered. One commenter believed that the market-wide circuit breaker should be triggered if a sufficient number of single-stock circuit breakers or price limits are triggered, as determined by accurately calculating the value of the S&P 500 Index in such circumstances.\textsuperscript{15}

Two other commenters also expressed concern about the interaction of market-wide circuit breakers and single-stock circuit breakers, and the impact that might have on index calculations, particularly in macro-market events.\textsuperscript{16}

Two commenters also expressed views on how market centers should treat pending orders in the event a market-wide circuit breaker is triggered. One commenter believed that orders pending with a market center at the time of a Level I or Level II circuit breaker should remain queued by the market center during the halt and be eligible for execution after the halt.\textsuperscript{17} However, in the event of a Level III circuit breaker, that commenter was of the view that all pending orders should be cancelled, since trading will cease for the remainder of the day. Another commenter generally took the position that the SROs should not cancel pending orders during a trading halt, in order to preserve the queue priority of market participants.\textsuperscript{18}

The Commission sought comment on whether a provision should be made for a closing auction in the event of a Level III circuit breaker decline. One commenter responded that allowing a closing auction under these extreme circumstances would risk greater market dislocations, and therefore was unadvisable,\textsuperscript{19} but another believed there should be a normal closing process so that, among other things, mutual fund prices are properly determined.\textsuperscript{20} The Commission also sought comment on whether the primary market should have a longer period (e.g., 30 minutes) to re-open trading following a Level II circuit breaker decline. One commenter responded that trading halts should be as short as operationally practicable, and was of the view that the 15-minute trading halt remained appropriate in this circumstance.\textsuperscript{21} Finally, one commenter questioned whether the Level 1 circuit breaker should be narrowed from 10% to 7%.\textsuperscript{22}


The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act to determine whether the SRO Proposals should be disapproved. Institution of such proceedings is appropriate at this time in view of the legal and policy issues raised by the SRO Proposals that are discussed below. Institution of disapproval proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, as described in greater detail below, the Commission seeks and encourages interested persons to provide additional comment on the SRO Proposals.

Pursuant to Section 19(b)(2)(B), the Commission is providing notice of the grounds for disapproval under consideration. In particular, Sections 6(b)(5) and 15A(b)(6) of the Act\textsuperscript{23} require that the rules of an exchange and FINRA, respectively, be 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 SRO Proposals would update the market-wide circuit breakers by, among other things, reducing the market decline percentage thresholds necessary to trigger a circuit breaker, shortening the duration of the resulting trading halts, and changing the reference index used to measure a market decline. The market-wide circuit breakers were not triggered during the severe market disruption of May 6, 2010, which led the exchanges and FINRA in consultation with Commission staff to assess whether the circuit breakers needed to be modified or updated in light of today’s market structure. In addition, the Joint CFTC–SEC Advisory Committee on Emerging Regulatory Issues recommended that the SEC and CFTC review the current operation of the market-wide circuit breakers, and consider appropriate modifications.\textsuperscript{24}

As discussed above, there is currently pending before the Commission a proposal by the equities exchanges and FINRA to establish the Limit Up-Limit Down Plan, which would create a new mechanism to address extraordinary market volatility in individual securities. Several commenters on the SRO Proposals stressed the need to consider the SRO Proposals together with the proposed Limit Up-Limit Down Plan, given the potential interaction between the mechanisms for moderating volatility in individual securities and those for moderating volatility market-wide. In addition, commenters

\textsuperscript{11} See Commissioner Chilton Letter, CME Group Letter, SIFMA Letter.
\textsuperscript{12} See supra note 4.
\textsuperscript{13} See CME Group Letter, Commissioner Chilton Letter, and MFA Letter.
\textsuperscript{14} Id.
\textsuperscript{15} See SIFMA Letter. SIFMA also believed it was critical to coordinate the market-wide circuit breakers with the options and futures markets. See CME Group Letter and Commissioner Chilton Letter.
\textsuperscript{16} See SIFMA Letter.
\textsuperscript{17} See CME Group Letter.
\textsuperscript{18} Id.
\textsuperscript{19} See Angel Letter.
\textsuperscript{20} See CME Letter.
\textsuperscript{21} See Angel Letter.
\textsuperscript{22} See Angel Letter.
\textsuperscript{23} 15 U.S.C. 78c(b)(5).
expressed some concerns with the details of the SRO Proposals, including whether only the Level III circuit breaker should halt trading after 3:25 p.m. and whether the market-wide circuit breakers should be triggered if a significant number of volatility moderators for individual securities are triggered.

The Commission shares the desire of the exchanges and FINRA to appropriately update the market-wide circuit breakers in light of the current market structure and the lessons learned from the events of May 6, 2010. Because of the importance of both the market-wide and individual security volatility moderators to the maintenance of fair and orderly markets and the protection of investors, however, the Commission believes the SRO Proposals should be considered together with the proposed Limit Up-Limit Down Plan, to help assure these mechanisms interact appropriately with one another, and that details of the market-wide circuit breakers are fully evaluated.

Accordingly, in light of the pending proposal to establish the Limit Up-Limit Down Plan, and the concerns raised by commenters, the Commission believes that questions remain as to whether the SRO Proposals are consistent with the requirements of Sections 6(b)(5) and 15A(b)(6) of the Act, including whether the proposed market-wide circuit breakers would remove impediments to and perfect the mechanism of a national market system, or protect investors and the public interest.

VI. Solicitation of Comments

The Commission requests that interested persons provide written submissions of their views, data and arguments with respect to the concerns identified above, as well as any others they may have with the SRO Proposals. In particular, the Commission invites the written views of interested persons concerning whether the SRO Proposals are inconsistent with Section 6(b)(5), Section 15A(b)(6), or any other provision of the Act, or the rules and regulation thereunder. Although there do not appear to be any issues relevant to approval or disapproval which would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b–4, any request for an opportunity to make an oral presentation.

Interested persons are invited to submit written data, views and arguments regarding whether the SRO Proposals should be disapproved by January 25, 2012. Any person who wishes to file a rebuttal to any other person’s submission must file that rebuttal by February 8, 2012. 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

Paper Comments


For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.26

Elizabeth M. Murphy,
Secretary.

[FR Doc. 2011–33746 Filed 1–3–12; 8:45 am]

BILLING CODE 8011–01–P

DEPARTMENT OF STATE

[Public Notice 7748]

Culturally Significant Objects Imported for Exhibition Determinations: “Put Your Freedom in the Corner, Save it for a Rainy Day” by Martin Kippenberger

SUMMARY: Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985; 22 U.S.C. 2459), Executive Order 12047 of March 27, 1978, the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681, et seq.; 22 U.S.C. 6501 note, et seq.), Delegation of Authority No. 234 of October 1, 1999, and Delegation of Authority No. 236–3 of August 28, 2000 (and, as appropriate, Delegation of Authority No. 257 of April 15, 2003), I hereby determine that the object “Put Your Freedom in the Corner, Save it for a Rainy Day” by Martin Kippenberger, imported from abroad for temporary exhibition within the United States, is of cultural significance. The object is imported pursuant to a loan agreement with the foreign owners or custodians. I also determine that the exhibition or