SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Designation of Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove Proposed Rule Change, as Modified by Amendment No. 1 Thereto, To Establish the Market Quality Program

October 2, 2012.

On March 23, 2012, the NASDAQ Stock Market LLC (“Exchange” or “NASDAQ”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b–4 thereunder, a proposed rule change to establish the Market Quality Program. On March 29, 2012, the Exchange submitted Amendment No. 1 to the proposed rule change. The proposed rule change, as modified by Amendment No. 1 thereto, was published for comment in the Federal Register on April 12, 2012. The Commission initially received fifteen comment letters on the proposed rule change. On May 18, 2012, pursuant to Section 19(b)(2) of the Act, the Commission extended the time period for Commission action on the proposed rule change to July 11, 2012. The Commission subsequently received three additional comment letters on the proposed rule change and a response letter from the Exchange. On July 11, 2012, the Commission instituted proceedings to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1. The Commission thereafter received six comment letters and two response letters from the Exchange.

Section 19(b)(2) of the Act provides that, after initiating disapproval proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of filing of the proposed rule change. The Commission may extend the period for issuing an order approving or disapproving the proposed rule change, however, by not more than 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination. The proposed rule change was published for notice and comment in the Federal Register on April 12, 2012. October 9, 2012 is 180 days from that date, and December 8, 2012 is 240 days from that date. The Commission finds it appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change so that it has sufficient time to consider this proposed rule change, the issues raised in the comment letters that have been submitted in response to the proposed rule change, including the comment letters submitted in response


See Letter from Gary L. Gastineau, Managing Member, ETF Consultants LLC, dated June 4, 2012; Letter from Rey Ramsey, President & CEO, Chemex, dated June 20, 2012; and Letter from Stuart J. Kaswell, Executive Vice President & Managing Director, General Counsel, Managed Funds Association, dated July 3, 2012. See Letter from Joan C. Conley, Senior Vice President & Corporate Secretary, NASDAQ, dated July 6, 2012.


See Letter from Joseph Cavatoni, Managing Director, and Joanne Medero, Managing Director, Blackrock, Inc., dated July 11, 2012; Letter from Stanislav Dolgopolov, Assistant Adjunct Professor, UCLA School of Law, dated August 15, 2012; Letter from James E. Ross, Global Head, SPDR Exchange Traded Funds, State Street Global Advisors, dated August 16, 2012; Letter from Ari Burstein, Senior Counsel, Investment Company Institute, dated August 16, 2012; Letter from F. William McNabb, Chairman and Chief Executive Officer, Vanguard, dated August 16, 2012; and Letter from Andrew Stevens, Legal Counsel, IMC Chicago, LLC d/b/a IMC Financial Markets, dated August 16, 2012. See Letters from Joan C. Conley, Senior Vice President & Corporate Secretary, NASDAQ OMX LLC, dated August 30, 2012 and Jurij Trypuzenko, Esq., NASDAQ, dated September 7, 2012.
to the Order Instituting Proceedings, and the Exchange’s responses to such comments.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act, designates December 8, 2012 as the date by which the Commission should either approve or disapprove the proposed rule change (File Number SR–NASDAQ–2012–043).

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

Kevin M. O’Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE Arca, Inc.: Order Granting Approval of Proposed Rule Change Relating to the Listing and Trading of FlexShares Ready Access Variable Income Fund Under NYSE Arca Equities Rule 8.600

October 2, 2012.

I. Introduction

On August 7, 2012, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)1 and Rule 19b–4 thereunder, a proposed rule change published for comment in the Federal Register on August 23, 2012.3 The Commission received no comments on the proposed rule change. This order grants approval of the proposed rule change.

II. Description of the Proposed Rule Change

The Exchange proposes to list and trade Shares of the Fund pursuant to NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares on the Exchange. The Shares will be offered by FlexShares Trust (“Trust”), a statutory

2 The Fund will be “non-diversified” under the 1940 Act and may invest more of its assets in fewer issuers than “diversified” funds.

3 “Fixed income instruments” includes, but is not limited to, securities issued or guaranteed by the U.S. Government, its agencies, or government sponsored enterprises; corporate debt securities, including corporate commercial paper; mortgage-backed and other asset-backed securities; inflation-indexed bonds issued both by governments and corporations; bank capital and trust preferred securities; fixed and variable rate loan participations and assignments; bank certificates of deposit, fixed time deposits and bankers’ acceptances; repurchase agreements on fixed income instruments; and reverse repurchase agreements on fixed income instruments.

4 Duration measures the price sensitivity of a fixed-income security to changes in interest rates. Interest rate changes have a greater effect on the price of fixed-income securities with longer durations.

5 In determining whether a security is of “comparable quality,” the Investment Adviser may consider, for example, whether the issuer of the security has issued other rated securities, whether the obligations under the security are guaranteed by another entity and the rating of such guarantor (if any), whether and (if applicable) how the security is collateralized, other forms of credit enhancement (if any), the security’s maturity date, liquidity features (if any), relevant cash flow(s), valuation features, other structural analysis, macroeconomic analysis, and sector or industry analysis.