a manner that will unnecessarily discourage participation in the options market by institutions and other investors with substantial hedging needs or to prevent specialists and market makers from adequately meeting their obligations to maintain a fair and orderly market.37

The Commission believes that it is reasonable for the Exchange to increase the position and exercise limits for options on EEM to 500,000 contracts. As noted above, the markets for standardized options on EEM and for EEM itself have substantial trading volume and liquidity. The Commission believes that this liquidity would lessen the opportunity for manipulation of this product and disruption in the underlying market that a lower position limit may protect against. Specifically, the Exchange notes that, in 2011, the average daily trading volumes for EEM and options on EEM were 65 million shares and 280,000 contracts, respectively.38 In Amendment No. 1, the Exchange notes that, through October 17, 2012, the year-to-date average daily trading volume for EEM across all exchanges was 49.3 million shares, and the year-to-date average daily trading volume for EEM options across all exchanges was 250,304 contracts.39 The Exchange also notes that there were 922.9 million shares of EEM outstanding, with a market cap of $41.1 billion.40

As noted above, the Exchange also believes that current margin and net capital requirements serve to limit the size of positions maintained by any one account.41 The Commission agrees that these financial requirements should help to address concerns that a member or its customer may try to maintain an inordinately large unhedged position in EEM options and will help to reduce risks if such a position is established.

The Commission further agrees with the Exchange that the reporting requirements imposed by Exchange Rule 4.13,42 as well as the Exchange’s surveillance procedures, together with those of other exchanges and clearing firms,43 should help protect against potential manipulation. The Commission expects that the Exchange will continue to monitor trading in the EEM options for the purpose of discovering and sanctioning manipulative acts and practices, and to reassess the position and exercise limits, if and when appropriate, in light of its findings.

In sum, given the measure of liquidity for EEM and options on EEM, the broad range of component securities that make up the MSCI Emerging Markets Index, the margin and capital requirements cited above, the Exchange’s options reporting requirements, and the Exchange’s surveillance procedures and agreements with other markets, the Commission believes that increasing the position and exercise limits for the EEM options to 500,000 contracts is consistent with the Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR–CBOE–2012–066), as modified by Amendment No. 1 thereto, be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.45

Kevin M. O’Neill,
Deputy Secretary.

[FR Doc. 2012–26670 Filed 10–26–12; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[File No. 500–1]

Chimera Energy Corporation; Order of Suspension of Trading

October 25, 2012.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Chimera Energy Corporation ("Chimera") because of questions regarding the accuracy of statements by Chimera in press releases to investors concerning, among other things, the company’s business prospects and agreements.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of Chimera.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the securities of the above-listed company is suspended for the period from 9:30 a.m. EDT October 25, 2012 through 11:59 p.m. EST, on November 7, 2012.

37 See id.

38 See Notice, supra note 3, at 43898.

39 See supra notes 12 and 14 and accompanying text.

40 See Notice, supra note 3, at 43898.

41 See supra notes 25–28 and accompanying text.

42 See supra notes 18–21 and accompanying text.

43 See supra notes 22–24 and accompanying text.
