

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-C2-2013-009 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-C2-2013-009. 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-C2-2013-009 and should be submitted on or before March 22, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68985; File No. SR-FINRA-2013-016]

**Self-Regulatory Organizations;
Financial Industry Regulatory
Authority, Inc.; Notice of Filing and
Immediate Effectiveness of Proposed
Rule Change To Amend FINRA Rules
in Accordance With the Regulation
NMS Plan To Address Extraordinary
Market Volatility**

February 25, 2013.

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 February 11, 2013, Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ which renders the proposal effective upon receipt of this filing by the Commission. 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**

FINRA is proposing to amend FINRA rules in accordance with the provisions of the Regulation NMS Plan to Address Extraordinary Market Volatility.

The text of the proposed rule change is available on FINRA's Web site at <http://www.finra.org>, at the principal office of FINRA, on the Commission's Web site at <http://www.sec.gov>, and at the Commission's Public Reference Room.

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

In its filing with the Commission, FINRA 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. FINRA 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 the
Statutory Basis for, the Proposed Rule
Change*

1. Purpose

On May 31, 2012, the Commission approved a joint industry plan to address extraordinary market volatility ("Limit Up-Limit Down" or the "Plan") filed by FINRA and the other self-regulatory organizations ("Participants")⁴ pursuant to Section 11A of the Act⁵ and Rule 608 thereunder.⁶ The Limit Up-Limit Down mechanism is intended to address the type of sudden price movements that the market experienced on the afternoon of May 6, 2010 by generally prohibiting the display of offers at prices below the lower price band and bids above the upper price band and the execution of trades outside the price bands for NMS Stocks.⁷ The Plan combines the use of the Limit Up-Limit Down mechanism with trading pauses to accommodate more fundamental price moves (as opposed to erroneous trades or momentary gaps in liquidity). By its terms, the Plan will be implemented on a one-year pilot basis in two phases.⁸ Pursuant to the Plan, each Participant must adopt rules requiring compliance by its members with the provisions of the Plan.⁹

To that end, in furtherance of its obligations under the Plan, FINRA is proposing to: (1) Adopt new Rule 6190 (Compliance with Regulation NMS Plan to Address Extraordinary Market

⁴ See Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012) (Approval Order). A copy of the Plan is attached as Exhibit A to the Approval Order.

The Plan was subsequently amended to, among other things, revise the implementation schedule, as discussed further below. See Letter dated January 17, 2013 from Janet McGinness, EVP & Corporate Secretary, General Counsel, NYSE Markets, to Elizabeth M. Murphy, Secretary, SEC, available at www.nyse.com/attachment/LULD_Plan_Amendment_No_2.pdf.

⁵ 15 U.S.C. 78k-1.

⁶ 17 CFR 242.608.

⁷ The single plan processor responsible for the consolidation of information for an NMS Stock pursuant to Rule 603(b) of Regulation NMS under the Act shall calculate and disseminate to the public the lower and upper price bands for an NMS Stock during regular trading hours.

⁸ Phase I of Plan implementation will begin on April 8, 2013 in select Tier 1 NMS Stock symbols, with full Phase I implementation completed three months after the initial date of Plan operations (or such earlier date as may be announced by the Plan processor with at least 30 days notice). Phase II of the Plan will commence six months after the initial date of the Plan (or such earlier date as may be announced by the Plan processor with at least 30 days notice).

⁹ See Section II(B) of the Plan.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

¹¹ 17 CFR 200.30-3(a)(12).

Volatility) and (2) amend Rules 5260 (Prohibition on Transactions, Publication of Quotations, or Publication of Indications of Interest During Trading Halts) and 6121 (Trading Halts Due to Extraordinary Market Volatility).

Proposed Rule 6190 requires members that are trading centers in NMS Stocks to establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the requirements of the Plan and specifically to prevent: (1) The execution of trades at prices that are below the lower price band or above the upper price band for an NMS Stock, except as permitted under the Plan; (2) the display of offers below the lower price band and bids above the upper price band for an NMS Stock; and (3) the execution of trades in an NMS Stock during a trading pause.¹⁰ Under the Plan, the term “trading center” has the meaning set forth in Regulation NMS under the Exchange Act.¹¹

FINRA is clarifying that the proposed rule applies to members to the extent that they are trading centers, as defined under the Plan, and are acting as such with respect to any given trade or quotation. For example, Firm A is an OTC market maker and also a trading center. Firm A, in its capacity as an OTC market maker, receives a customer order to sell and routes the order to an exchange or other trading center. In that instance, Firm A could rely on the exchange or other trading center to ensure compliance with the Plan, and for example, if the offer were displayed in violation of the Plan, FINRA would not deem Firm A to be in violation of proposed Rule 6190. This rule will be in effect during a pilot period to coincide with the pilot period for the Plan (including any extensions to the pilot period for the Plan).

Rule 5260 generally prohibits members from directly or indirectly effecting any transaction or publishing any quotation during a trading halt, including a trading pause. Because the Plan permits all bids and offers in an NMS Stock to be displayed during a trading pause, FINRA is proposing to amend Rule 5260 to prohibit member quoting and trading activity during a

trading halt, except as permitted under the Plan.

In addition, FINRA is proposing to amend Rule 6121.01 to reflect the Plan’s trading pause provisions and to clarify that if trading in an NMS Stock is permitted to resume after a trading pause under the Plan, then FINRA may permit the resumption of trading otherwise than on an exchange in such NMS Stock if trading has commenced on at least one other national securities exchange (i.e., when a transaction has been executed on an exchange, not merely when quoting has commenced on the exchange). This provision will be in effect during a pilot period to coincide with the pilot period for the Plan (including any extensions to the pilot period for the Plan).

FINRA also is proposing to amend Rule 6121.01 to clarify that the current trading pause provisions will continue to apply to Tier 1 and Tier 2 NMS Stocks until the Plan is implemented for those securities. As noted above, Phase I of the Plan will begin on April 8, 2013 for certain Tier 1 NMS Stocks. As of that date, Rule 6121.01(b) will not apply to those Tier 1 NMS Stocks, but will continue to apply to all other Tier 1 and Tier 2 NMS Stocks. Upon full implementation of Phase I, this provision will apply only to Tier 2 NMS Stocks and will no longer be in effect upon full implementation of Phase II of the Plan.

FINRA has filed the proposed rule change for immediate effectiveness. The operative date of the proposed rule change shall be the implementation date of the Regulation NMS Plan to Address Extraordinary Market Volatility, which currently is expected to be April 8, 2013.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹² which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. The proposed rule change also is designed to support the principles of Section 11A(a)(1) of the Act¹³ in that it seeks to assure fair competition among brokers and dealers and among exchange markets. FINRA believes that the proposed rule change meets these requirements in that it facilitates compliance with the Plan, which has been approved and found by

the Commission to be reasonably designed to prevent potentially harmful price volatility, including severe volatility of the kind that occurred on May 6, 2010. Accordingly, FINRA believes that the proposed rules will further the goals of investor protection and fair and orderly markets.

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

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. As discussed above, the Plan requires that the Participants adopt rules requiring compliance by their members with the provisions of the Plan. FINRA believes that the other Participants will file similar proposals, and therefore, the proposed rule change will help to ensure consistent rules across the marketplace. In addition, FINRA does not believe that the Plan introduces terms that are unreasonably discriminatory for the purposes of Section 11A(c)(1)(D) of the Act.¹⁴

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

FINRA has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁵ and Rule 19b-4(f)(6) thereunder.¹⁶ Because the 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

At any time within 60 days of the filing of such proposed rule change, the

¹⁴ 15 U.S.C. 78k-1(c)(1)(D).

¹⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁶ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires FINRA to give the Commission written notice of FINRA’s intent to file the proposed rule change, along with a brief description and text of 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. FINRA has satisfied this requirement.

¹⁰ No trades in a paused NMS Stock may occur during the trading pause, but all bids and offers may be displayed. See Section VII(A) of the Plan.

¹¹ Specifically, Rule 600(b) of Regulation NMS defines “trading center” as a national securities exchange or national securities association that operates an SRO trading facility, an alternative trading system, an exchange market maker, an OTC market maker, or any other broker or dealer that executes orders internally by trading as principal or crossing orders as agent. 17 CFR 242.600(b).

¹² 15 U.S.C. 78o-3(b)(6).

¹³ 15 U.S.C. 78k-1(a)(1).

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 under Section 19(b)(2)(B) of the Act¹⁷ to determine whether the proposed rule change 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 No. SR-FINRA-2013-016 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 No. SR-FINRA-2013-016. 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 such filing also will be available for inspection and copying at the principal

office of FINRA. 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 No. SR-FINRA-2013-016 and should be submitted on or before March 22, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68983; File No. SR-DTC-2012-10]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing Amendment No. 2 and Order Approving Proposed Rule Change, as Modified by Amendment No. 2, To Reduce Liquidity Risk Relating to Its Processing of Maturity and Income Presentments and Issuances of Money Market Instruments

February 25, 2013.

I. Introduction

On December 17, 2012, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-DTC-2012-10 ("Proposed Rule Change") pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder.² The Proposed Rule Change was published in the **Federal Register** on January 4, 2013.³ DTC filed Amendment No. 2 to the Proposed Rule Change on January 30, 2013.⁴ The Commission extended the period of review of the Proposed Rule Change on

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Release No. 34-68548 (Dec. 28, 2012), 78 FR 795 (Jan. 4, 2013). DTC also filed an advance notice pursuant to Section 806(e)(1) of the Payment, Clearing, and Settlement Supervision Act of 2010 relating to these changes. Release No. 34-68690 (Jan. 18, 2013), 78 FR 5516 (Jan. 25, 2013).

⁴ DTC filed Amendment No. 1 to the Proposed Rule Change on January 29, 2013, and withdrew it because of technical errors. DTC filed Amendment No. 2 to: (i) Correct the technical errors in Amendment No. 1 and (ii) correct the text of DTC's Settlement Service Guide related to the Proposed Rule Change by adding a sentence to clarify the change as stated in the Proposed Rule Change and correcting a grammatical error therein.

February 5, 2013.⁵ The Commission received one comment on the Proposed Rule Change.⁶ This publication serves as notice of filing Amendment No. 2 and order approving the Proposed Rule Change, as modified by Amendment No. 2.

II. Analysis

A. Description of MMI Processing and Proposed Rule Change

DTC filed the Proposed Rule Change to permit it to make rule changes designed to reduce liquidity risk relating to DTC's processing of maturity and income presentments ("Maturity Obligations") and issuances of money market instruments ("MMIs"), as discussed below.

MMIs are settled at DTC on a trade-for-trade basis. Issuers of MMIs that are not direct members of DTC enlist banks ("Issuing/Paying Agent" or "IPA") to issue MMIs to broker-dealers, who in turn sell the MMIs to MMI investors. Debt issuance instructions are transmitted to DTC by the IPA, which triggers DTC crediting the IPA's DTC account and creating a deliver order to the broker-dealers' accounts on behalf of the investors.

Maturity Obligations are initiated automatically by DTC early each morning for MMIs maturing that day. DTC debits the amount of the Maturity Obligations to the appropriate IPA's account and credits the same amount to the appropriate broker-dealer and custodian accounts. The debits and credits are conditional until final settlement at the end of the day. According to DTC, IPAs do not have a legal obligation to honor maturing MMIs if they have not received funding from the issuer.

According to DTC, the common source of funding for Maturity Obligations is new issuances of MMIs in the same acronym by the same issuer on the day the Maturity Obligations are due. In a situation where new MMI issuances exceed the Maturity Obligations, the issuer would have no net funds payment due to the IPA on that day. However, because Maturity Obligations are processed and debited from IPA accounts automatically, IPAs currently incur credit risk if the issuers do not issue MMIs that exceed the

⁵ Release No. 34-68834 (Feb. 5, 2013), 78 FR 9762 (Feb. 11, 2013).

⁶ See Comment from Karen Jackson dated December 30, 2012, <http://sec.gov/comments/sr-dtc-2012-10/dtc201210-1.htm>. The comment discusses the ability of individuals to withdraw money from money market accounts, which is not implicated by the proposed rule change.

¹⁷ 15 U.S.C. 78s(b)(2)(B).