

addition to risk management solutions implemented by Members.

As is currently the case, orders subject to the Tool will be validated by the Exchange prior to entering the Exchange's matching engine. Based on parameters provided to the Tool, the order will be immediately passed on to the matching engine or rejected back to the entering Member.

The Exchange does not propose to require Members to use the Tool. Members are free to use any appropriate risk-management tool or service. The Exchange will not provide preferential treatment to Members using the Tool.

The Exchange proposes to make the Tool available to its Members upon request. The Exchange believes the Tool will offer the Exchange's Members another option in the efficient risk management of its Members' access to BATS Exchange.

## 2. Statutory Basis

The rule change proposed in this submission is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>7</sup> Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,<sup>8</sup> because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest. The proposed rule change also is designed to support the principles of Section 11A(a)(1)<sup>9</sup> in that it seeks to assure economically efficient execution of securities transactions, make it practicable for brokers to execute investors' orders in the best market, and provide an opportunity for investors' orders to be executed without the participation of a dealer. Specifically, the Exchange believes that the proposed rule change is consistent with all of the aforementioned principles because it fosters competition by providing another option in the efficient risk management of trading on the Exchange. In particular, the Exchange notes that the proposal is consistent with Section 11(A)(a)(1) in that it makes available to all Exchange Members a Tool that previously was available only to Members that provided sponsored access to Sponsored Participants. The Exchange notes that a similar functionality has already been found to

be consistent with the Act by the Commission.<sup>10</sup>

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

The Exchange does not believe that the proposed rule change imposes any burden on competition.

### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

Because the foregoing 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 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) of the Act<sup>11</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>12</sup>

At any time within 60 days of the filing of the 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](mailto:rule-comments@sec.gov). Please include File Number SR-BATS-2012-045 on the subject line.

### Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission,

<sup>10</sup> Securities Exchange Act Release No. 59354 (February 3, 2009), 74 FR 6683 (February 10, 2009) (SR-NYSE-2008-101) (Approval of NYSE Risk Management Gateway).

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

100 F Street NE., Washington, DC 20549.

All submissions should refer to File Number SR-BATS-2012-045. 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 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-BATS-2012-045 and should be submitted on or before December 27, 2012.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2012-29456 Filed 12-5-12; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68326; File No. SR-BOX-2012-018]

### Self-Regulatory Organizations; BOX Options Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Increase the Maximum Term for LEAPS to Fifteen Years

November 30, 2012.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934

<sup>13</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> 15 U.S.C. 78k-1(a)(1).

(“Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on November 19, 2012, BOX Options Exchange LLC (the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II 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 amend its rules to increase the maximum term for Long-Term Equity Options Series (“LEAPS”) to fifteen years. The text of the proposed rule change is available from the principal office of the Exchange, on the Exchange’s Internet Web site at <http://boxexchange.com>, 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, 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 the Statutory Basis for, the Proposed Rule Change**

##### **1. Purpose**

Long-term equity and index option series (LEAPS) are similar to standard options but have maturities that may expire from 3 to 5 years, respectively, post initial listing. The purpose of the proposed rule change is to increase the maximum term for all LEAPS. Currently, the maximum term on BOX for equity LEAPS is 39 months and the maximum term for index LEAPS is 60 months.

Specifically, the Exchange is proposing to increase the maximum term for all LEAPS to 180 months (fifteen years). The Exchange understands that market participants currently enter into over-the-counter

(“OTC”) positions that have longer dated expirations than are currently available on BOX. The Exchange would like to accommodate the needs of BOX Options Participants by listing LEAPS with longer dated expirations. BOX is currently unable to do so because of the existing term limitations set forth in the Exchange Rules.

The Exchange believes that expanding the eligible term for all LEAPS to 180 months is important and necessary to BOX’s efforts to offer products in an exchange-traded environment that compete with OTC products. The Exchange believes that LEAPS provide market participants and investors with a competitive comparable alternative to the OTC market in long-term options, which can take on contract characteristics similar to LEAPS but are not subject to the same maximum term restriction. By expanding the eligible term for LEAPS, market participants will now have greater flexibility in determining whether to execute their long-term options in an exchange environment or in the OTC market. The Exchange believes that market participants can benefit from being able to trade these long-term options in an exchange environment in several ways, including, but not limited to the following: (1) Enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness due to the role of The Options Clearing Corporation (“OCC”) as issuer and guarantor of LEAPS.

The Exchange understands that quote traffic is always an issue with the introduction of a new product or a revision to the terms of a contract, such as a longer dated LEAPS option. The Exchange, however, does not expect there to be a significant increase to quote traffic since the Exchange anticipates listing longer dated LEAPS in response to specific market demand and does not expect to significantly populate expirations. In addition, the Exchange notes that certain liquidity providers are not subject to quoting obligations for LEAPS, which will assist with quote traffic mitigation.

Additionally, the OCC has confirmed that it can configure its systems to support LEAPS that have a maximum term of fifteen years (180 months).

Finally, the Exchange is making technical, non-substantive changes to Rule 5070 to delete “@” symbols

##### **2. Statutory Basis**

The Exchange believes that the proposal is consistent with the

requirements of Section 6(b) of the Act,<sup>4</sup> in general, and Section 6(b)(5) of the Act,<sup>5</sup> in particular, 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.

The Exchange believes that the proposed rule change is designed to promote just and equitable principles of trade in that the availability of LEAPS with longer dated expirations will give market participants an alternative to trading similar products in the OTC market. Trading a product in an exchange traded environment (that is currently being used in the OTC market) will also enable the Exchange to compete more effectively with the OTC market.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that it will hopefully lead to the migration of options currently trading in the OTC market to trading on BOX. Also, any migration to BOX from the OTC market will result in increased market transparency.

Additionally, the Exchange believes that the proposed rule change is designed 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 that it should create greater trading and hedging opportunities and flexibility. The proposed rule change should also result in enhanced efficiency in initiating and closing out positions and heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of LEAPS. Further, the proposal will result in increased competition by permitting the Exchange to offer products that are currently used in the OTC market.

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

The Exchange 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.

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> 15 U.S.C. 78f(b).

<sup>5</sup> 15 U.S.C. 78f(b)(5).

*C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*

The Exchange has neither solicited nor received comments on the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>6</sup> and Rule 19b-4(f)(6) thereunder.<sup>7</sup> 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<sup>8</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>9</sup>

The Exchange notes that the proposal is substantially similar to a rule change proposed by the Chicago Board Options Exchange Incorporated ("CBOE"), which was recently approved by the Commission.<sup>10</sup> The Exchange believes that this proposed rule change does not raise any new or unique substantive issues from those raised in the CBOE proposal.

At any time within 60 days of the filing of the 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](mailto:rule-comments@sec.gov). Please include File Number SR-BOX-2012-018 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-BOX-2012-018. 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-BOX-2012-018 and should be submitted on or before December 27, 2012.

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

**Kevin M. O'Neill,**  
*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-68328; File No. SR-MSRB-2012-10]

**Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Implementation Date of the Requirement To Report the Contractual Dollar Prices at Which Transactions Were Executed for Inter-Dealer Transactions**

November 30, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("the Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 29, 2012, the Municipal Securities Rulemaking Board (the "MSRB") filed with the Securities and Exchange Commission (the "SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the MSRB. The MSRB has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4 under the Act,<sup>3</sup> 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**

The MSRB is proposing to extend to March 29, 2013, the implementation date of a provision in Rule G-14, on reports of sales or purchases, including the Rule G-14 RTRS Procedures, and amendments to the Real-Time Transaction Reporting System ("RTRS") information system and subscription service pertaining to a requirement for brokers, dealers and municipal securities dealers (collectively "dealers") to report for inter-dealer transactions the contractual dollar price at which the transaction was executed.

The text of the proposed rule change is available on the MSRB's Web site at [www.msrb.org/Rules-and-Interpretations/SEC-Filings/2012-Filings.aspx](http://www.msrb.org/Rules-and-Interpretations/SEC-Filings/2012-Filings.aspx), at the MSRB's principal office, and at the Commission's Public Reference Room.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 17 CFR 240.19b-4(f)(6).

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>7</sup> 17 CFR 240.19b-4(f)(6).

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(6)(iii). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change along with a brief description and the 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. The Exchange has satisfied this pre-filing requirement.

<sup>10</sup> See Securities Exchange Act Release No. 68164 (November 6, 2012), 77 FR 67723 (November 13, 2012) (Order Approving CBOE Proposed Rule Change to Increase the Maximum Term for LEAPS to Fifteen Years) (SR-CBOE-2012-071).

<sup>11</sup> 17 CFR 200.30-3(a)(12).