

#### 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-ICEEU-2012-16 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-ICEEU-2012-16. 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 filings will also be available for inspection and copying at the principal office of ICE Clear Europe and on ICE Clear Europe's Web site ([https://www.theice.com/publicdocs/regulatory\\_filings/ICEU\\_SEC\\_121912\\_2012-16.pdf](https://www.theice.com/publicdocs/regulatory_filings/ICEU_SEC_121912_2012-16.pdf)).

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-ICEEU-2012-16 and should be submitted on or before January 17, 2013.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2012-31126 Filed 12-26-12; 8:45 am]

**BILLING CODE 8011-01-P**

#### **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-68489; File No. 4-655]**

#### **Self-Regulatory Organizations; BOX Options Exchange LLC; Order Approving Minor Rule Violation Plan for BOX Options Exchange LLC**

December 20, 2012.

On October 15, 2012, BOX Options Exchange LLC (the "Exchange") filed with the Securities and Exchange Commission (the "Commission") a proposed minor rule violation plan ("MRVP") pursuant to Section 19(d)(1) of the Securities Exchange Act of 1934 (the "Act")<sup>1</sup> and Rule 19d-1(c)(2) thereunder.<sup>2</sup> The proposed MRVP was published for public comment on November 13, 2012.<sup>3</sup> The Commission received no comments on the proposal. This order approves the Exchange's proposed MRVP.

The Exchange's MRVP specifies those uncontested minor rule violations with sanctions not exceeding \$2,500 which would not be subject to the provisions of Rule 19d-1(c)(1) of the Act<sup>4</sup> requiring that a self-regulatory organization ("SRO") promptly file notice with the Commission of any final disciplinary action taken with respect to any person or organization.<sup>5</sup> In accordance with Rule 19d-1(c)(2) under the Act, the Exchange proposed to designate certain specified rule violations as minor rule violations, and requested that it be relieved of the prompt reporting requirements regarding such violations,

provided it gives notice of such violations to the Commission on a quarterly basis. The Exchange proposed to include in its MRVP the procedures and violations currently included in Exchange Rule 12140 ("Imposition of Fines for Minor Rule Violations").<sup>6</sup>

According to the Exchange's proposed MRVP, under Exchange Rule 12140, the Exchange may impose a fine (not to exceed \$2,500) on a member or an associated person with respect to any rule violation listed in Exchange Rule 12140(d).<sup>7</sup> The Exchange shall serve the person against whom a fine is imposed with a written statement setting forth the rule or rules violated, the act or omission constituting each such violation, the fine imposed for each such violation, and the date by which such fine shall be paid, such determination becomes final or such determination must be contested. If the person against whom the fine is imposed pays the fine, such payment shall be deemed to be a waiver of such person's right to a disciplinary proceeding and any review of the matter under the Exchange Rules. Any person against whom a fine is imposed may contest the Exchange's determination by filing with the Exchange a written answer, at which point the matter shall become a disciplinary proceeding.

Upon approval of the plan, the Exchange will provide the Commission a quarterly report of actions taken on minor rule violations under the plan. The quarterly report will include, among other things: The Exchange's internal file number for the case, the name of the individual and/or organization, the nature of the violation, the specific rule provision violated, the sanction imposed, the number of times the rule violation has occurred, and the date of disposition.<sup>8</sup>

The Commission finds that the proposed MRVP is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. In particular, the Commission believes that the proposal is consistent with Section

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

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

<sup>2</sup> 17 CFR 240.19d-1(c)(2).

<sup>3</sup> See Securities Exchange Act Release No. 68170 (November 6, 2012), 77 FR 67722 ("Notice").

<sup>4</sup> 17 CFR 240.19d-1(c)(1).

<sup>5</sup> The Commission adopted amendments to paragraph (c) of Rule 19d-1 to allow SROs to submit for Commission approval plans for the abbreviated reporting of minor disciplinary infractions. See Securities Exchange Act Release No. 21013 (June 1, 1984), 49 FR 23828 (June 8, 1984). Any disciplinary action taken by an SRO against any person for violation of a rule of the SRO which has been designated as a minor rule violation pursuant to such a plan filed with and declared effective by the Commission shall not be considered "final" for purposes of Section 19(d)(1) of the Act if the sanction imposed consists of a fine not exceeding \$2,500 and the sanctioned person has not sought an adjudication, including a hearing, or otherwise exhausted his administrative remedies.

<sup>6</sup> On April 27, 2012, the Exchange's application for registration as a national securities exchange, including the rules governing the Exchange, was approved. See Securities Exchange Act Release No. 66871 (April 27, 2012), 77 FR 26323 (May 3, 2012) (File No. 10-206).

<sup>7</sup> See Notice, *supra* note 3. The Commission noted that the list of violations set forth in the Notice corrected certain rule reference errors that are presently in Exchange Rule 12140. The Exchange has informed Commission staff that it will submit a rule filing to correct such errors. *Id.*

<sup>8</sup> The Exchange attached a sample form of the quarterly report with its submission to the Commission.

6(b)(5) of the Act,<sup>9</sup> which requires that the rules of an exchange be designed 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 Commission also believes that the proposal is consistent with Sections 6(b)(1) and 6(b)(6) of the Act,<sup>10</sup> which require that the exchange enforce compliance with, and provide appropriate discipline for violations of, Commission and Exchange rules. In addition, because the MRVP offers procedural rights to a person sanctioned under Exchange Rule 12140, the Commission believes that Exchange Rule 12140 provides a fair procedure for the disciplining of members and persons associated with members, consistent with Sections 6(b)(7) and 6(d)(1) of the Act.<sup>11</sup>

Finally, the Commission finds that the proposal is consistent with the public interest, the protection of investors, or otherwise in furtherance of the purposes of the Act, as required by Rule 19d-1(c)(2) under the Act,<sup>12</sup> because the MRVP strengthens the Exchange's ability to carry out its oversight and enforcement responsibilities as an SRO in cases where full disciplinary proceedings are unsuitable in view of the minor nature of the particular violation.

In approving this proposal, the Commission in no way minimizes the importance of compliance with Exchange rules and all other rules subject to the imposition of sanctions under Exchange Rule 12140. The Commission believes that the violation of an SRO's rules, as well as Commission rules, is a serious matter. However, Exchange Rule 12140 provides a reasonable means of addressing violations that do not rise to the level of requiring formal disciplinary proceedings, while providing greater flexibility in handling certain violations. The Commission expects that the Exchange will continue to conduct surveillance with due diligence and make determinations based on its findings, on a case-by-case basis, regarding whether a sanction under the MRVP is appropriate, or whether a violation requires formal disciplinary action.

*It is therefore ordered*, pursuant to Rule 19d-1(c)(2) under the Act,<sup>13</sup> that

the proposed MRVP for BOX Options Exchange LLC, File No. 4-655, be, and hereby is, approved and declared effective.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2012-31121 Filed 12-26-12; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34-68487; File No. SR-CBOE-2012-124]**

### **Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Proposed Rule To Amend Various CBOE Rules Governing Letters of Guarantee and Authorization**

December 20, 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 December 14, 2012, the Chicago Board Options Exchange, Incorporated ("Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II and III 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**

CBOE proposes to amend various CBOE rules governing letters of guarantee and authorization. The text of the rule proposal is available on the Exchange's Web site (<http://www.cboe.org/legal>), at the Exchange's Office of the Secretary and at the Commission.

#### **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 self-regulatory organization 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 those 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 parts of such statements.

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

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

Trading Permit Holders ("TPHs") that have trading functions on CBOE, are required to submit a letter of guarantee or authorization<sup>3</sup> for that TPH's trading activities on CBOE from a Clearing TPH.<sup>4</sup> The purpose of this proposal is to amend various CBOE rules governing letters of guarantee and authorization to:

- Give CBOE the ability to prevent access to its marketplace if a TPH does not have an effective letter of guarantee or authorization on file with the Exchange;
- Provide that any written revocation of a letter of guarantee or authorization will be given effect as quickly as CBOE can process it;
- Give CBOE the ability to take any action necessary to give effect to actions by the Clearing Corporation,<sup>5</sup> such as restricting the activities of a Clearing TPH or suspending a Clearing TPH;
- Automatically terminate the trading permit(s) and TPH status of a TPH if the TPH does not have a required letter of guarantee or authorization in place for ninety consecutive days;
- Delete obsolete and outdated rule text; and
- Make technical, non-substantive rule text changes.

The changes proposed in this filing are intended to clarify and codify existing and well-established principles regarding activities permitted by Clearing TPHs. While elementary, the Exchanges believes that it is important to specifically provide in its rules that a TPH must have a valid letter of guarantee or authorization in order to engage in trading activities and, if one is not in place, the Exchange is permitted to prevent connectivity and access to the Exchange by that TPH. Similarly, the definition of a Clearing

<sup>3</sup> A letter of guarantee is typically provided to CBOE by a Clearing TPH guaranteeing any trades made by one of its TPH customers, e.g., a Market-Maker. A letter of authorization is typically provided to CBOE by a Clearing TPH accepting financial responsibility for all transactions on CBOE made by a guaranteed Floor Broker.

<sup>4</sup> CBOE Rule 1.1(f) defines "Clearing Trading Permit Holder" as a Trading Permit Holder that has been admitted to membership in the Clearing Corporation pursuant to the provisions of the Rules of the Clearing Corporation.

<sup>5</sup> The Options Clearing Corporation ("OCC") is currently the only Clearing Corporation of CBOE.

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> 15 U.S.C. 78f(b)(1) and 78f(b)(6).

<sup>11</sup> 15 U.S.C. 78f(b)(7) and 78f(d)(1).

<sup>12</sup> 17 CFR 240.19d-1(c)(2).

<sup>13</sup> *Id.*

<sup>14</sup> 17 CFR 200.30-3(a)(44).

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

<sup>16</sup> 17 CFR 240.19b-4.