

Order Delivery Mode is a result of ECNs successfully leveraging the Exchange's infrastructure to develop their businesses away from the Exchange, even as the majority of the Exchange's operational costs are fixed. While the Exchange could modify its transaction-based fee structure to charge Order Delivery participants a fee for posting Order Delivery liquidity, the Exchange believes that utilizing an [sic] capped Order Delivery Fee structure provides Order Delivery participants a greater incentive to post liquidity on the Exchange. Consequently, the Exchange strongly believes that continuing to rely on transaction-based revenues to support Order Delivery Mode is not feasible. The Exchange believes that it is reasonable to charge for the services provided to Order Delivery Participants, and recover the development and ongoing operational costs, excluding the costs of regulation, of Order Delivery Mode. The Exchange will evaluate on a quarterly basis the level of quotations, Order Delivery notifications and executions as a percentage of overall operations in order to ensure that the Order Delivery Notification Fee is reasonable, equitable and not unfairly discriminatory among ETP Holders.

Moreover, the Exchange believes that the proposed Order Delivery Notification Fee and cap is consistent with the provisions of Section 6(b)(5) of the Act,¹⁶ in that the proposed fee is not unfairly discriminatory amongst Order Delivery Participants. Order Delivery Participants are eligible to submit (or not submit) liquidity adding quotes, and may do so at their discretion in the daily volumes they choose during any given trading day. As stated earlier, Order Delivery Mode currently accounts for approximately 74% of the Exchange's overall incoming messaging activity. Due to the low level of executions resulting from the quotation activity, the Exchange does not believe that a transaction-based fee is a reasonable means for the Exchange to recover the development and the ongoing operational costs of the Order Delivery program. The Exchange does not believe that the Order Delivery Fee is unfairly discriminatory since it directly correlates to the amount of Exchange infrastructure, operations and processing required to maintain the Order Delivery program. The Exchange will evaluate the Order Delivery Notification Fee on a quarterly basis to ensure that changes in Order Delivery activity or volume compared to the Exchange's other operations which causes the fee to become unfair or

discriminatory among Order Delivery Participants.

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.

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

The proposed rule change has taken effect upon filing pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act¹⁷ and subparagraph (f)(2) of Rule 19b-4.¹⁸ At any time within 60 days of the filing of such 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. Please include File Number SR-NSX-2012-25 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-NSX-2012-25. 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 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 offices 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-NSX-2012-25, and should be submitted on or before January 4, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012-30166 Filed 12-13-12; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68389; File No. SR-NASDAQ-2012-122]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend and Adopt Several NASDAQ Rules To Reflect Changes to Rules of the Financial Industry Regulatory Authority ("FINRA")

December 10, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 26, 2012, The NASDAQ Stock Market LLC (the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II

¹⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹⁶ 15 U.S.C. 78f(b)(5).

¹⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁸ 17 CFR 240.19b-4.

below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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 and adopt several NASDAQ rules to reflect changes to rules of the Financial Industry Regulatory Authority (“FINRA”). NASDAQ will implement the proposed rule change thirty days after the date of the filing. The text of the proposed rule change is available at <http://nasdaq.cchwallstreet.com>, at NASDAQ’s principal office, 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

Many of NASDAQ’s rules governing member conduct are based on rules of FINRA (formerly the National Association of Securities Dealers (“NASD”)). During 2008, FINRA embarked on an extended process of moving rules formerly designated as “NASD Rules” into a consolidated FINRA rulebook. In most cases, FINRA has renumbered these rules, and in some cases has substantively amended them. Accordingly, NASDAQ has also been undertaking a process of modifying its rulebook to ensure that NASDAQ rules corresponding to FINRA/NASD rules continue to mirror them as closely as practicable. To the extent possible, NASDAQ will designate a NASDAQ rule that is intended to parallel a FINRA

rule with the suffix “A”. For example, the NASDAQ rule paralleling FINRA Rule 2090 will be designated as Rule 2090A. This filing makes the following changes:

(1) NASDAQ is adopting Rule 5310A, which incorporates FINRA Rule 5310 (Best Execution and Interpositioning) by reference. The new rule takes the place of Rule 2320 (Best Execution and Interpositioning) and IM-2320 (Interpretive Guidance with Respect to Best Execution Requirements).⁵ References in FINRA Rule 5310 to NASD Rule 2440 and IM-2440 will not be reflected in NASDAQ’s rule, since NASDAQ has not adopted corresponding rules regulating the activities of NASDAQ Members with respect to commissions and mark-ups.

(2) NASDAQ is redesignating Rule 3060 (Influencing or Rewarding Employees of Others) as Rule 3220A and changing the incorporated rule from NASD Rule 3060 to FINRA Rule 3220.⁶

⁵ See Securities Exchange Act Release No. 65895 (December 5, 2011), 76 FR 77042 (December 9, 2011) (SR-FINRA-2011-052). NASDAQ Rule 2320 and IM-2320 had not previously incorporated NASD or FINRA rules by reference, but had closely tracked the language of the analogous NASD rules in effect at the time of their adoption. By incorporating FINRA Rule 5310 by reference, NASDAQ will be incorporating changes made by FINRA in the interim. Specifically, FINRA has moved portions of former NASD Rule 2320 and IM-2320 into a new section of Supplementary Material reflecting guidance with respect to (i) The definition of “market” for purposes of the rule, (ii) best execution and executing brokers, and (iii) use of a broker’s broker, and has adopted new Supplementary Material providing guidance with respect to (i) Execution of marketable customer orders, (ii) best execution and debt securities, (iii) orders involving securities with limited quotations or pricing information, (iv) orders involving foreign securities, (v) customer instructions regarding order handling, and (vi) regular and rigorous review of execution quality. In addition, FINRA modified its rule to make it clear that an interpositioning arrangement must be consistent with the overall rule governing best execution, rather than focusing exclusively on the cost of such an arrangement. FINRA also deleted language focused on the channeling of customers’ orders through a broker’s broker, again because such arrangements would be subject to the overall rule governing best execution. Specifically, the rule requires a broker to use reasonable diligence to ascertain the best market, based on a consideration of a range of factors enumerated in the rule. Through this rule filing, NASDAQ will be making all of the foregoing changes applicable to NASDAQ members in their capacities as NASDAQ members. NASDAQ notes that NASDAQ members with public customers are required to be members of FINRA by virtue of Section 15(b)(8) of the Act, 15 U.S.C. 78o(b)(8), and SEC Rule 15b9-1, 17 CFR 240.15b9-1. The change is designed to ensure that NASDAQ may enforce the rule against its members under the same parameters as FINRA enforces the rule against its members.

⁶ See Securities Exchange Act Release No. 58660 (September 26, 2008), 73 FR 57393 (October 2, 2008) (SR-FINRA-2008-027).

(3) NASDAQ is redesignating Rule 3090 (Transactions Involving Nasdaq Employees) as Rule 2070A.⁷

(4) NASDAQ is replacing Rule 2310 (Recommendations to Customers (Suitability)), IM-2310-1 (Reserved), IM-2310-2 (Fair Dealing with Customers), and IM-2310-3 (Suitability Obligations to Institutional Customers) with Rule 2111A (Suitability), which incorporates FINRA Rule 2111, and Rule 2090A (Know Your Customer), which incorporates FINRA Rule 2090.⁸ However, references in FINRA Rule 2111 to NASD IM-2210-6 will not be reflected in NASDAQ’s rule, since NASDAQ has not adopted a corresponding rule regulating the activities of NASDAQ Members in connection with investment analysis tools.

NASDAQ notes that in some instances, the amended rules reference rules that are being adopted or renumbered by contemporaneous NASDAQ rule filings that have been filed on an immediately effective basis.⁹

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,¹⁰ in general, and with Section 6(b)(5) of the Act,¹¹ in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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 proposed changes will conform various NASDAQ Rules to changes made to corresponding FINRA rules, thus promoting application of consistent regulatory standards with respect to rules that FINRA enforces pursuant to its regulatory services agreement with NASDAQ.

⁷ *Id.*

⁸ See Securities Exchange Act Release No. 63325 (November 17, 2010), 75 FR 71479 (November 23, 2010) (SR-FINRA-2010-039).

⁹ See Securities Exchange Act Release Nos. 68123 (October 31, 2012), 77 FR 66658 (November 6, 2012) (SR-NASDAQ-2012-123); 68153 (November 5, 2012), 77 FR 67409 (November 9, 2012) (SR-NASDAQ-2012-124).

¹⁰ 15 U.S.C. 78f.

¹¹ 15 U.S.C. 78f(b)(5).

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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

The Exchange 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 amended.

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

Because the foregoing proposed rule 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 if consistent with the protection of investors and the public interest, provided that the self-regulatory organization has given the Commission written notice of its intent to file 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 proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and Rule 19b-4(f)(6) thereunder.¹³

At any time within 60 days of the filing of such 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. Please include File Number SR-NASDAQ-2012-122 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-NASDAQ-2012-122. 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-NASDAQ-2012-122 and should be submitted on or before January 4, 2013.

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

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012-30164 Filed 12-13-12; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68390; File No. SR-BATS-2012-042]

Self-Regulatory Organizations; BATS Exchange, Inc.; Order Granting Approval of Proposed Rule Change To List and Trade Shares of the iShares Sovereign Screened Global Bond Fund

December 10, 2012.

I. Introduction

On October 12, 2012, BATS Exchange, Inc. ("Exchange" or "BATS") 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,² a proposed rule change to list and trade shares ("Shares") of the iShares Sovereign Screened Global Bond Fund ("Fund") under BATS Rule 14.11(i). The proposed rule change was published for comment in the **Federal Register** on October 30, 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 BATS Rule 14.11(i), which governs the listing and trading of Managed Fund Shares on the Exchange. The Shares will be offered by iShares Sovereign Screened Global Bond Fund, Inc. ("Company"),⁴ a Maryland corporation that is registered with the Commission as an open-end investment company. BlackRock Fund Advisors is the investment adviser ("BFA" or "Adviser") to the Fund. BlackRock International Limited serves as sub-adviser for the Fund ("Sub-Adviser").⁵

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 68094 (October 24, 2012), 77 FR 65740 ("Notice").

⁴ See Registration Statement on Form N-1A for the Company, dated March 5, 2012 (File Nos. 333-179905 and 811-22674) ("Registration Statement"). The Commission has issued an order granting certain exemptive relief ("Exemptive Order") to the Company under the Investment Company Act of 1940. See Investment Company Act Release No. 29571 (January 24, 2011) (File No. 812-13601).

⁵ The Adviser manages the Fund's investments and its business operations subject to the oversight of the Board of Directors of the Company ("Board"). While BFA is ultimately responsible for the management of the Fund, it is able to draw upon the trading, research, and expertise of its asset management affiliates for portfolio decisions and management with respect to portfolio securities. Portfolio managers employed by the Adviser are generally responsible for day-to-day management of

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ 17 CFR 200.30-3(a)(12).