This document is scheduled to be published in the Federal Register on 02/06/2013 and available online at **http://federalregister.gov/a/2013-02644**, and on **FDsys.gov**

8011-01p

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-68806; File No. SR-EDGA-2013-05)

February 1, 2013

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Delay the Operative Date of Changes to the Rule for Halting Trading in All Stocks Due to Extraordinary Market Volatility

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 January 31, 2013, EDGA Exchange, Inc. (the "Exchange" or "EDGA") 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 delay the operative date of a rule change to EDGA Rule 11.14, which provides for methodology for determining when to halt trading in all stocks due to extraordinary market volatility, from the date of February 4, 2013, until April 8, 2013. All of the changes described herein are applicable to EDGA Members. The text of the proposed rule change is available on the Exchange's Internet website at www.directedge.com, at the Exchange's principal office, and at the Public Reference Room of the Commission [sic].

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

---

1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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 these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to delay the operative date of the pilot in Rule 11.14, which provides the methodology for determining when to halt trading in all stocks due to extraordinary market volatility from February 4, 2013 until April 8, 2013 to coincide with the initial date of operations of the Regulation NMS Plan to Address Extraordinary Market Volatility ("LULD Plan").[3] As proposed, the pilot period will begin and end at the same time [sic] the pilot period for the LULD Plan. The current Rule 11.14 would remain in effect until April 8, 2013. If the pilot is not either extended or approved permanently at the end of the pilot period, the current version of Rule 11.14 would be in effect.

Current Rule 11.14

[3] The Commission approved the proposed changes to the market-wide circuit breaker on a pilot basis for a period scheduled to start on February 4, 2013 that corresponds to the pilot period for the LULD Plan so that the impact of the two proposals can be reviewed together. See Securities Exchange Act Release No. 67090 (May 31, 2012), 77 FR 33531 (June 6, 2012) (SR-EDGA-2011-31). The Exchange anticipates that the initial date of LULD Plan operations will be changed to April 8, 2013. The proposal would delay the operative date of the market-wide circuit breaker pilot to April 8, 2013 in order for the implementation date for the market-wide circuit breaker pilot to remain the same date as for the LULD Plan.

In its current form,[4] the rule provides for Level 1, 2, and 3 declines and specified trading halts following such declines. The values of Levels 1, 2 and 3 [sic] are calculated at the beginning of each calendar quarter by the primary listing market, using 10%, 20% and 30%, respectively, of the average closing value of the DJIA for the month prior to the beginning of the quarter. Each percentage calculation is rounded to the nearest fifty points to create the Levels' trigger points. The primary listing markets disseminate the new trigger levels quarterly to the media, via information memos and publication on their websites. The values then remain in effect until the next quarterly calculation, notwithstanding whether the DJIA has moved and a Level 1, 2, or 3 decline is no longer equal to an actual 10%, 20%, or 30% decline in the most recent closing value of the DJIA.

Once a Rule 11.14 circuit breaker is in effect, trading in all stocks halt [sic] for the time periods specified below:

Level 1 Halt

anytime before 2:00 p.m. – one hour;

at or after 2:00 p.m. but before 2:30 p.m. – 30 minutes;

at or after 2:30 p.m. – trading shall continue, unless there is a Level 2 Halt.

Level 2 Halt

anytime before 1:00 p.m. – two hours;

at or after 1:00 p.m. but before 2:00 p.m. – one hour;

at or after 2:00 p.m. – trading shall halt and not resume for the rest of the day.

---

[4] NYSE Rule 80B, the analogous rule from the New York Stock Exchange LLC, was last amended in 1998, when declines based on specified point drops in the DJIA were replaced with the current methodology of using a percentage decline that is recalculated quarterly. See Securities Exchange Act Release No. 39846 (April 9, 1998), 63 FR 18477 (April 15, 1998) (SR-NYSE-98-06, SR-Amex-98-09, SR-BSE-98-06, SR-CHX-98-08, SR-NASD-98-27, and SR-Phlx-98-15).

Level 3 Halt

at any time – trading shall halt and not resume for the rest of the day.

Unless stocks are halted for the remainder of the trading day, price indications are disseminated during a Rule 11.14 trading halt for stocks that comprise the DJIA.

Amended Rule 11.14

The Exchange amended Rule 11.14 to revise the current methodology for determining when to halt trading in all stocks due to extraordinary market volatility ("market-wide circuit breaker").[5] The Exchange, other equities, options, and futures markets, and FINRA amended the market-wide circuit breaker to take into consideration the recommendations of the Joint CFTC-SEC Advisory Committee on Emerging Regulatory Issues, and to provide for more meaningful measures in today's markets of when to halt trading in all stocks. Accordingly, the Exchange amended Rule 11.14 as follows: (i) replaced the DJIA with the S&P 500; (ii) replaced the quarterly calendar recalculation of Rule 11.14 triggers with daily recalculations; (iii) replaced the 10%, 20%, and 30% market decline percentages with 7%, 13%, and 20% market decline percentages; (iv) modified the length of the trading halts associated with each market decline level; and (v) modified the times when a trading halt may be triggered. The Exchange believes that these amendments update the rule to reflect today's high-speed, highly electronic trading market while still meeting the original purpose of Rule 11.14: to ensure that market participants have an opportunity to become aware of and respond to significant price movements.

The Exchange adopted the proposed changes to the market-wide circuit breaker on a pilot basis for a period that corresponds to the pilot period for the LULD Plan so that the impact of the

---

[5] See Securities Exchange Act Release No. 67090 (May 31, 2012), 77 FR 33531 (June 6, 2012) (SR-EDGA-2011-31).

two proposals can be reviewed together.6 In addition, in order for the markets and the single plan processors responsible for the consolidation of information pursuant to Rule 603(b) of Regulation NMS under the Act to make the necessary technological changes to implement both the changes to the market-wide circuit breaker and the proposed LULD Plan, the Exchange established that the implementation date for the proposed rule changes should be the same date that the LULD Plan is implemented. The Exchange anticipates that the initial date of LULD Plan operations will be changed to April 8, 2013. For the same reasons as stated above, the Exchange proposes to delay the operative date of the market-wide circuit breaker pilot to April 8, 2013.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[7] in general, and furthers the objectives of Section 6(b)(5) of the Act,[8] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, 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.

Specifically, this rule proposal supports the objectives of perfecting the mechanism of a free and open market and the national market system because it promotes uniformity across markets concerning when and how to halt trading in all stocks as a result of extraordinary market volatility. Additionally, delaying the operative date of the market-wide circuit breaker pilot until the initial date of operations of the LULD Plan would allow the pilot to begin and end at the same time of the LULD Plan so that the Exchange and the Commission could further assess the

---

6 See id.

7 15 U.S.C. 78f(b).

8 15 U.S.C. 78f(b)(5).

impact of the two pilots on the marketplace or whether other initiatives should be adopted in lieu of the pilots, which contributes to the protection of investors and the public interest.

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. The delay in the operation of the market-wide circuit breaker pilot until April 8, 2013 will allow the pilot period to begin and end at the same time as the LULD Plan, which contributes to the protection of investors and the public interest. Other competing equity exchanges are subject to the same methodology for determining when to halt trading in all stocks due to extraordinary market volatility and the same requirements specified in the LULD Plan. Thus, the proposed changes will not impose any burden on competition while providing that the market-wide circuit breaker pilot period corresponds to the pilot period for the LULD Plan so that the impact of the two proposals can be reviewed together.

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 significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, by its terms, does not 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[9] and Rule 19b-4(f)(6) thereunder.[10]

The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Doing so will delay the operative date of the market-wide circuit breakers pilot until the initial date of operations of the LULD Plan, thereby allowing the pilot to run simultaneously with the LULD Plan, providing an opportunity to properly assess the impact of the two pilots on the marketplace and evaluate the pilots' effectiveness. Therefore, the Commission designates the proposal operative upon filing.[11]

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. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)[12] of the Act to determine whether the proposed rule change should be approved or disapproved.

---

9 15 U.S.C. 78s(b)(3)(A).

10 17 CFR 240.19b-4(f)(6). 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 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 requirement.

11 For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

12 15 U.S.C. 78s(b)(2)(B).

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 e-mail to rule-comments@sec.gov. Please include File Number SR-EDGA-2013-05 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-EDGA-2013-05. This file number should be included on the subject line if e-mail 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 website (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 website 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-EDGA-2013-05 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[13]

Kevin M. O'Neill
Deputy Secretary

[FR Doc. 2013-02644 Filed 02/05/2013 at 8:45 am; Publication Date: 02/06/2013]

[13] 17 CFR 200.30-3(a)(12).