

dealer “does not know” a trade submitted on its behalf by a Demand Trade Source, the dealer is able to submit a DK (*i.e.*, “don’t know”) to the GSD. The receipt of a DK by FICC causes the demand comparison trade to no longer be deemed compared. In order to effect comparison for a demand comparison trade that has been DKed, the DK must be removed. If the member that sent the DK determines that it did so erroneously, the member is able to remove the DK so that the trade is compared.⁵ Modification of a DKed trade by the Demand Trade Source also removes the DK so that the trade is compared.⁶ The removal of the DK and modification of a DKed trade are subject to the prescribed timeframes for Demand DK processing.

2. Proposal

FICC’s current proposal is to mandate Demand Comparison for all blind-brokered repo trades that are submitted by 4 p.m. New York time. The GSD’s members acting as inter-dealer brokers for repos will be designated as approved Demand Trade Sources. Members on whose behalf the brokers submit trades will not need to separately authorize the brokers as their Demand Trade Sources for GSD’s purposes because GSD’s rules will do so. After approval of the rule change, counterparties to blind-brokered repo trades will still need to submit their trade data as they do currently. Dealers will need to monitor the broker submissions against them in order to submit DKs where necessary to block any further processing of the submission. In order to provide the dealer counterparties with adequate time by which to submit their DKs, especially for trades submitted close to the 4 p.m. deadline, GSD will create a 30 minute DK window following the 4 p.m. Demand Comparison submission deadline (until 4:30 p.m.) during which time the dealer counterparties can DK previously received demand trades; however, dealer counterparties will be able to submit DKs at any time during the Demand Comparison submission processing timeframe. Under Demand Comparison processing, a dealer counterparty that does not submit a DK with respect to a blind-brokered repo trade submitted against it will be responsible for that trade. Blind-

⁵ Under this proposal to require Demand Comparison processing of blind-brokered repo trades, the cut-off time for removing DKs will be 8 p.m. New York time.

⁶ Under this proposal to require Demand Comparison processing of blind-brokered repo trades, the cut-off time for modifications by Demand Trade Sources will be 8 p.m. New York time.

brokered repo trades submitted after the 4 p.m. deadline will be treated as trades submitted for “bilateral comparison” requiring two-sided submission and matching for comparison to occur.

FICC believes that requiring Demand Comparison for blind-brokered repo trades as described above will reduce risk by promoting earlier comparison and a higher rate of comparison. Demand Comparison trade entry will also encourage members to reconcile differences on a timely basis.

FICC plans to implement the proposed changes four months after submission of this filing to the Commission (*i.e.*, early August), subject to approval by the Commission, in order to provide members with the opportunity to make any necessary system changes.

III. Discussion

Section 19(b) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions.⁷ The Commission believes that FICC’s proposed rule change is consistent with this Section because it should facilitate the prompt and accurate clearance and settlement of securities by enabling earlier comparison and a higher rate of comparison of blind-brokered repo transactions.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder. In approving the proposed rule change, the Commission considered the proposal’s impact on efficiency, competition and capital formation.⁸

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-FICC-2008-02) be and hereby is approved.

⁷ 15 U.S.C. 78q-1(b)(3)(F).

⁸ 15 U.S.C. 78c(f).

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.⁹

Florence E. Harmon,

Acting Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-58019; File No. SR-ISE-2008-49]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Quarterly Options Series Pilot Program

June 25, 2008.

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 June 23, 2008, the International Securities Exchange, LLC (“Exchange” or “ISE”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been substantially prepared by the Exchange. The Exchange has designated this proposal as non-controversial under Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposed rule change effective upon filing with 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 Exchange is proposing to extend, until July 10, 2009, its quarterly options series pilot program. The text of the proposed rule change is available on the Exchange’s Web site (<http://www.ise.com>), at the principal office of the Exchange, 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,

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange is proposing to extend, until July 10, 2009, an ISE pilot program (the "Quarterly Options Series Pilot Program") to list and trade options series that expire at the close of business on the last business day of a calendar quarter ("Quarterly Options Series").⁵ The current Quarterly Options Series Pilot Program is set to expire on July 10, 2008. Under the Quarterly Options Series Pilot Program, the Exchange is allowed to open up to five (5) currently listed options classes that are either index options or options on exchange-traded funds (ETFs). The Exchange is also allowed to list Quarterly Options Series on any options class that is selected by other securities exchanges that employ a similar pilot program under their respective rules. The Exchange has selected the following five options classes to participate in the Quarterly Options Series Pilot Program: the Standard & Poor's Depository Receipts® (SPY), Nasdaq-100® Shares (QQQQ), Diamonds® Trust Series 1 (DIA), iShares Russell 2000® Index Fund (IWM), and Select Sector SPDR®—Energy (XLE). The ISE believes the Quarterly Options Series Pilot Program has been successful and well received by its members and the investing public. Thus, the ISE proposes to extend the Pilot Program until July 10, 2009.

In support of this proposed rule change, and as required by the Quarterly Options Series Pilot Program Approval Order, the Exchange has submitted to the Commission a report (the "Quarterly Options Series Pilot Program Report"), detailing the Exchange's experience with the Quarterly Options Series Pilot Program. Specifically, the Quarterly Options Series Pilot Program Report

⁵ See Exchange Act Release No. 54113 (July 7, 2006); 71 FR 39694 (July 13, 2006) (SR-ISE 2006-24) (the "Quarterly Options Series Pilot Program Approval Order"). See also Exchange Act Release No. 57425 (March 4, 2008); 73 FR 12783 (March 10, 2008) (SR-ISE 2008-19) (amending the Quarterly Options Series Pilot Program to permit the listing of additional series and to implement a delisting policy for outlying series with no open interest).

contains data and written analysis regarding the five options classes included in the Quarterly Options Pilot Program for the period from April 1, 2007 through March 31, 2008. The Exchange believes there is sufficient investor interest and demand to extend the Quarterly Options Series Pilot Program for another year. The Exchange further believes that the Quarterly Options Series Pilot Program has provided investors with a flexible and valuable tool to manage risk exposure, minimize capital outlays, and the ability to more closely tailor their investment strategies and decisions to the movement of the underlying security. The Exchange notes that it has not detected any material proliferation of illiquid options series resulting from the introduction of the Quarterly Options Series Pilot Program.

Finally, the Exchange represents that it has the necessary systems capacity to support new options series that result from the continued listing and trading of Quarterly Options Series.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder. Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(5) of the Act,⁶ which requires that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and 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 extension of the Quarterly Options Pilot Program will result in a continuing benefit to investors, by allowing them to more closely tailor their investment decisions, and will allow the Exchange to further study investor interest in quarterly options.

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

The Exchange believes that the proposed rule change does not 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 not solicited, and does not intend to solicit, comments on

⁶ 15 U.S.C. 78(f)(b)(5).

this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

The Exchange has designated the proposed rule change as one that: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative for 30 days from the date of filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. Therefore, the foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁷ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁸

The Exchange has asked the Commission to waive the operative delay to permit the proposed rule change to become operative prior to the 30th day after filing. The Commission has determined that waiving the 30-day operative delay of the Exchange's proposal is consistent with the protection of investors and the public interest and will promote competition because such waiver will allow ISE to continue the existing Quarterly Options Series Pilot Program without interruption.⁹ Therefore, the Commission designates the proposal operative upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate the 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.

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to provide the Commission with written notice of its 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 fulfilled this requirement.

⁹ 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).

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 No. SR-ISE-2008-49 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-ISE-2008-49. 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 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 inspection and copying in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 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 No. SR-ISE-2008-49 and should be submitted on or before July 23, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Florence E. Harmon,

Acting Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-58029; File No. SR-NASDAQ-2008-053]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of Proposed Rule Change To Modify the Definition of "Independent Director"

June 26, 2008.

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 June 6, 2008, The NASDAQ Stock Market LLC ("Nasdaq"), filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by Nasdaq. 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

Nasdaq proposes to amend Rule 4200(a)(15)(B) and IM-4200 to modify Nasdaq's definition of "independent director." Nasdaq will implement the proposed rule upon approval.

The text of the proposed rule change is available at Nasdaq, at the Commission's Public Reference Room, and on Nasdaq's Web site at <http://nasdaq.complinet.com>.

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

In its filing with the Commission, Nasdaq 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. Nasdaq 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 purpose of this rule filing is to modify Nasdaq's definition of an "independent director."

Nasdaq's rules generally preclude a director from being considered independent if the director has received more than \$100,000 in compensation from the issuer.³ When Nasdaq first adopted this rule in 1999, the threshold was \$60,000, which was chosen to be consistent with the \$60,000 disclosure threshold set by the Commission in Regulation S-K, Item 404.⁴ In August 2006, the Commission adopted final rules raising the threshold in Regulation S-K, Item 404 from \$60,000 to \$120,000.⁵ Following this change to the SEC's rules, Nasdaq, as an intermediate step, increased the threshold in its independence definition from \$60,000 to \$100,000,⁶ which was consistent with the threshold in the comparable rule of the New York Stock Exchange, Inc. ("NYSE").⁷

On June 8, 2007, NYSE amended a prior rule proposal filed with the Commission regarding changes to certain of its corporate governance requirements.⁸ In the amendment, NYSE proposed increasing the threshold in its independence definition from \$100,000 to \$120,000. In its statement of the purpose of its proposal, NYSE explained that "[t]his change reflects the SEC's recent amendment to the dollar threshold applicable to related party transactions that must be disclosed under Item 404 of Regulation S-K."⁹

Nasdaq believes that the monetary threshold in its independence definition should be consistent with the amount in Regulation S-K, Item 404. Using a consistent standard would enhance Nasdaq's ability to assess compliance with the independent director requirements because companies are required to disclose compensation in excess of \$120,000, but are not necessarily required to disclose compensation between \$100,000 and \$120,000. Finally, Nasdaq believes that its rules and the NYSE rules should be consistent with regard to the definition

³ Nasdaq Rule 4200(a)(15)(B).

⁴ The rule filing stated that "* * * Nasdaq believes that a compensation threshold of \$60,000 is appropriate as it corresponds to the *de minimis* threshold for disclosure of relationships that may affect the independent judgment of directors set forth in SEC Regulation S-K, Item 404." See Securities Exchange Act Release No. 41982 (October 6, 1999), 64 FR 55510 (October 13, 1999).

⁵ See Securities Exchange Act Release No. 54302A (August 29, 2006), 71 FR 53158 (September 8, 2006).

⁶ See Securities Exchange Act Release No. 55463 (March 13, 2007), 72 FR 13327 (March 21, 2007).

⁷ See Section 303A.02(b)(ii) of the NYSE Listed Company Manual.

⁸ See Amendment No. 1 to File No. SR-NYSE-2005-81.

⁹ *Id.*, citing Securities Act Release No. 8732A (August 29, 2006), 71 FR 53158 (September 8, 2006).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹⁰ 17 CFR 200.30-3(a)(12).