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SECURITIES AND EXCHANGE COMMISSION

[Release No. 33-9123; File No. 265-26]

COMMODITY FUTURES TRADING COMMISSION

Joint CFTC-SEC Advisory Committee on Emerging Regulatory Issues

AGENCY: Securities and Exchange Commission ("SEC") and Commodity Futures Trading Commission ("CFTC") (each, an "Agency," and collectively, "Agencies").

ACTION: Notice of Federal Advisory Committee Establishment.

SUMMARY: The Chairmen of the SEC and CFTC, with the concurrence of the other SEC and CFTC Commissioners, respectively, intend to establish the Joint CFTC-SEC Advisory Committee on Emerging Regulatory Issues (the "Committee").

Comments

Because the Agencies will jointly review all comments submitted, interested parties may send comments to either Agency and need not submit responses to both Agencies. Respondents are encouraged to use the title "Joint CFTC-SEC Advisory Committee" to facilitate the organization and distribution of comments between the Agencies. Interested parties are invited to submit responses to:

Securities and Exchange Commission: Written comments may be submitted by the following methods:

Electronic Comments

- Use the SEC's Internet submission form (<http://www.sec.gov/rules/other.shtml>); or
- Send an email to rule-comments@sec.gov.

Please include File No. 265-26 on the subject line.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F St., NE., Washington, DC 20549. All submissions should refer to File No. 265-26.

To help the SEC process and review your comments more efficiently, please use only one method. The SEC staff will post all comments on the SEC's Internet Web site (<http://www.sec.gov/rules/>

other.shtml). Comments will also be available for Web site viewing and printing in the SEC's Public Reference Room, 100 F St., NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. All comments received will be posted without change; we do not edit personal identifying information from your submissions. You should submit only information that you wish to make available publicly.

Commodity Futures Trading

Commission:

- Written comments may be mailed to the Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581, attention Office of the Secretary; transmitted by facsimile to the CFTC at (202) 418-5521; or transmitted electronically to

Jointcommittee@cftc.gov. Reference should be made to "Joint CFTC-SEC Advisory Committee."

FOR FURTHER INFORMATION CONTACT:

Ronesha Butler, Special Counsel, at (202) 551-5629, Division of Trading and Markets, or Elizabeth M. Murphy, Committee Management Officer, at (202) 551-5400, Securities and Exchange Commission, 100 F St., NE., Washington, DC 20549, or Martin White, Committee Management Officer, at (202) 418-5129, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581.

SUPPLEMENTARY INFORMATION:

In accordance with the requirements of the Federal Advisory Committee Act, 5 U.S.C. App. 2, the Agencies are publishing this notice that the Chairmen of the SEC and CFTC, with the concurrence of the other SEC and CFTC Commissioners, intend to establish the Committee. The Committee's objectives and scope of activities are to conduct public meetings, submit reports and recommendations to the CFTC and the SEC and otherwise to serve as a vehicle for discussion and communication on regulatory issues of mutual concern and their effect on the CFTC's and SEC's statutory responsibilities. Subjects to be addressed by the Committee will include, but will not be limited to, identification of emerging regulatory risks, assessment and quantification of the impact of such risks and their implications for investors and market participants, and to further the Agencies' efforts on regulatory harmonization. The committee will work to develop clear and specific goals toward identifying and addressing emerging regulatory risks, protecting investors and customers, and furthering

regulatory harmonization, and to recommend processes and procedures for achieving and reporting on those goals.

To achieve the Committee's goals, the Chairmen of the SEC and CFTC will appoint approximately 10-15 members. There will be two co-designated Federal officers of the committee. The Chairman of the CFTC will appoint a CFTC employee to serve as one co-designated federal officer of the committee and the Chairman of the SEC will appoint an SEC employee to serve as the other co-designated Federal officer of the committee. The co-designated federal officers jointly call all of the advisory committee's and subcommittees' meetings, prepare and jointly approve all meeting agendas, adjourn any meeting when they jointly determine adjournment to be in the public interest, and chair meetings when directed to do so. The co-designated Federal officers also will attend all committee and subcommittee meetings. The Chairmen of the CFTC and of the SEC shall serve as Co-Chairmen of the Committee. The Committee's membership will be fairly balanced in terms of points of view represented and the functions to be performed.

The Committee's charter will be filed with the Senate Committee on Agriculture, Nutrition and Forestry; the House of Representatives Committee on Agriculture; the Senate Committee on Banking, Housing, and Urban Affairs; the House Committee on Financial Services, and U.S. General Services Administration Committee Management Secretariat ("Secretariat"). A copy of the charter also will be filed with the SEC, CFTC and the Library of Congress. The charter will be available for Web site viewing and printing in the Public Reference Room at the SEC's headquarters and posted on the SEC's Web site at <http://www.sec.gov> and the CFTC's Web site at <http://www.cftc.gov>.

The Committee will operate for two years from the date it is established unless, before the expiration of that time period, its charter is re-established or renewed in accordance with the Federal Advisory Committee Act or unless either the Chairman of the SEC or the Chairman of the CFTC determines that the Committee's continuance is no longer in the public interest.

The Committee will meet at such intervals as are necessary to carry out its functions. It is estimated that the meetings will occur six times per year. Meetings of subgroups or subcommittees of the full Committee may occur more frequently.

The charter will provide that the duties of the Committee are to be solely

advisory. Each Agency alone will make any determinations of action to be taken and policy to be expressed with respect to matters within their respective authority as to which the Committee provides advice or makes recommendations.

The Chairmen of the Agencies affirm that the establishment of the Committee is necessary and in the public interest.

Pursuant to 41 CFR 102-3.65(b), the Secretariat has found good cause for approving the establishment of this advisory committee prior to the fifteenth day after publication of notice of establishment in the **Federal Register** so that the Committee members can quickly begin to identify emerging regulatory issues and their potential impact on investors and the securities markets. The Committee will lend the CFTC and SEC expertise that ranges across the securities and futures markets.

By the Securities and Exchange Commission.

Dated: May 10, 2010.

Elizabeth M. Murphy,
Committee Management Officer.

By the Commodity Futures Trading Commission.

Martin White,
Committee Management Officer.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-62050; File No. SR-ISE-2010-37]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amending the Direct Edge ECN Fee Schedule

May 6, 2010.

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 April 30, 2010, the International Securities Exchange, LLC (the "Exchange" or the "ISE") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared by the self-regulatory organization. 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 Direct Edge ECN's ("DECN") fee schedule for ISE Members³ to (i) change the rates for routing in securities priced less than \$1.00 to certain away market centers; (ii) reintroduce the rebate on securities priced less than \$1.00 that add liquidity to EDGX; (iii) pass through rebates/fees from other market centers; and (iv) increase the rebate for Members meeting the Ultra Tier. All of the changes described herein are applicable to ISE Members.

The text of the proposed rule change is available on the Exchange's Internet Web site at <http://www.ise.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, 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

DECN, a facility of ISE, operates two trading platforms, EDGX and EDGA.⁴

The Exchange is proposing to amend the routing rates to certain away market centers associated with the removal of liquidity from EDGA and EDGX in securities priced less than \$1.00. Currently, for orders in securities priced less than \$1.00 that are routed to Nasdaq BX in Tapes A & C securities and that remove liquidity, orders are charged the Exchange's standard routing charge for securities less than \$1.00 (0.30% of the total dollar value of the transaction,

³ References to ISE Members in this filing refer to DECEN Subscribers who are ISE Members.

⁴ This fee filing relates to the trading facility operated by ISE and not EDGA Exchange, Inc. and EDGX Exchange, Inc. Direct Edge ECN LLC (EDGA and EDGX) will cease to operate in its capacity as an electronic communications network following the commencement of operations of EDGA Exchange, Inc. and EDGX Exchange, Inc. as national securities exchanges.

both on EDGA and EDGX). As a result of a decrease in fees by Nasdaq OMX when removing liquidity in securities priced less than \$1.00,⁵ the Exchange proposes to amend its fee schedule in order to charge 0.10% of the total dollar value of the transaction (instead of 0.30%) when orders are routed to Nasdaq BX in Tapes A & C securities and remove liquidity. This is proposed to be indicated by footnote number 3 on the existing "C" flag. A conforming amendment has also been made to the fee schedule to append footnote number 3 to indicate an exception to the standard rate (0.30% of dollar value) for routing liquidity in securities priced less than \$1.00.

Additionally, the Exchange proposes to charge 0.20% of the total dollar value of the transaction when orders are routed to Nasdaq and remove liquidity in securities on all Tapes or orders are routed to Nasdaq using the INET⁶ order type and remove liquidity in securities on all Tapes. This is proposed to be indicated by footnote number 3 appended to the existing "J," "L," and "2" flags. A conforming amendment has also been made to the fee schedule to append footnote number 3 to indicate an exception to the standard rate (0.30% of dollar value) for routing liquidity in securities priced less than \$1.00.

The Exchange believes that this rate change will seek to incentivize the removal of liquidity from EDGA and EDGX in securities priced less than \$1.00 that are routed to certain away market centers.

Re-Introduction of Rebate

Currently, there is no rebate for adding liquidity on EDGX in securities priced less than \$1.00. The Exchange is proposing to re-introduce a rebate of \$0.00003 per share for orders that add liquidity to EDGX in securities priced less than \$1.00. The Exchange believes that this rebate is appropriate as it represents 30% of the minimum price increment for securities priced less than \$1.00 (\$0.0001) and effectively aligns the rebate with access fee caps under Regulation NMS.⁷

⁵ See Nasdaq OMX Equity Trader Alert, #2010-27 (April 19, 2010) ("Firms will be charged 0.10% (i.e., 10 basis points) of the total dollar value of the transaction when removing liquidity in stocks with prices below \$1.00").

⁶ The INET order type sweeps the EDGA or EDGX book and removes liquidity from Nasdaq, if the order is marketable, or posts on Nasdaq, if the order is non-marketable.

⁷ The Access Rule of Regulation NMS limits the fees any trading center can charge, or allow to be charged, for accessing its protected quotations, both displayed and reserve size, to no more than \$0.003 per share. See Rule 610(c) of Regulation NMS.

Continued

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.