

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-62412; File No. SR-NYSEAmex-2010-63]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NYSE Amex LLC Amending NYSE Amex Equities Rule 80C To Add Additional Securities to the Pilot Rule

June 30, 2010.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on June 30, 2010, NYSE Amex LLC (the "Exchange" or "NYSE Amex") 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 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 NYSE Amex Equities Rule 80C to add additional securities to the pilot rule. The text of the proposed rule change is available at the Exchange, the Commission's Web site at <http://www.sec.gov>, the Commission's Public Reference Room, and <http://www.nyse.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 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 Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The Exchange proposes to amend NYSE Amex Equities Rule 80C to add

securities included in the Russell 1000<sup>®</sup> Index to the pilot rule.

Rule 80C was approved by the Commission on June 10, 2010 on a pilot basis to end on December 10, 2010.<sup>4</sup> As the Exchange noted in its filing to adopt Rule 80C, during the pilot period, the Exchange would continue to assess whether additional securities need to be added and whether the parameters of the rule would need to be modified to accommodate trading characteristics of different securities.

Currently, the pilot list of securities is all securities included in the S&P 500<sup>®</sup> Index ("S&P 500"). As noted in comment letters to the original filing to adopt Rule 80C, concerns were raised that including only securities in the S&P 500 in the pilot rule was too narrow. In particular, commenters noted that additional equity securities that experienced volatility on May 6, 2010 should be included in the pilot. The Exchange agrees with the commenters that the pilot list of securities should be expanded.

In consultation with other markets and staff of the Securities and Exchange Commission, the Exchange proposes to add the securities included in the Russell 1000 to the pilot beginning in July 2010, subject to Commission approval. The Exchange believes that adding these securities would begin to address concerns that the scope of the pilot may be too narrow, while at the same time recognizing that during the pilot period, the markets will continue to review whether and when to add additional securities to the pilot and whether the parameters of the rule should be adjusted for different securities.

In particular, the Exchange proposes to add securities included in the Russell 1000 because the Exchange believes that the securities included in that index have similar trading characteristics to securities included in the S&P 500 (many of which are the same securities) and therefore the existing 10% price movement applicable before invoking a trading pause would be appropriate for the Russell 1000 securities. Because the Exchange does not propose to modify the 10% price movement at this time, the Exchange believes that expanding to the Russell 1000 is an appropriate next step. Based on our analysis, the number of times that the Trading Pause would be triggered for Russell 1000 securities would be similar to the instances for the S&P 500 securities.

As noted above, during the pilot, the Exchange will continue to re-assess

whether specific securities should be added or removed from the pilot list. The Exchange will also assess whether the parameters for invoking a trading pause continue to be the appropriate standard and whether the parameters should be modified.

To effect this change, the Exchange proposes to amend supplementary material .10 to Rule 7.11 [sic] to provide that the pilot applies to all securities in the S&P 500, as well as securities in the Russell 1000. Because specified Exchange Traded Products ("ETP"), including the Invesco PowerShares QQQ Exchange Trading Fund (symbol: QQQQ), will be part of the Trading Pause rule for markets that trade ETPs, and because the Exchange anticipates that it will be trading QQQQ on an unlisted trading privilege basis,<sup>5</sup> the Exchange also proposes to add this security to the supplementary material.

#### 2. Statutory Basis

The statutory basis for the proposed rule change is Section 6(b)(5) of the Securities Exchange Act of 1934 (the "Act"),<sup>6</sup> which requires the rules of an exchange 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 proposed rule change also is designed to support the principles of Section 11A(a)(1)<sup>7</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that the proposed rule meets these requirements in that it promotes uniformity across markets concerning decisions to pause trading in a security when there are significant price movements.

##### 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

No written comments were solicited or received with respect to the proposed rule change.

<sup>5</sup> See Securities Exchange Act No. 61890 (April 12, 2010), 75 FR 20401 (April 19, 2010) (SR-NYSEAmex-2010-31).

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 15 U.S.C. 78k-1(a)(1).

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> See Securities Exchange Act Release No. 62252 (June 10, 2010) (SR-NYSEAmex-2010-46).

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

A. By order approve such proposed rule change, or

B. Institute proceedings to determine whether the proposed rule change should be disapproved.<sup>8</sup>

### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning all aspects of the foregoing, including whether the proposed rule change is consistent with the Act.

For markets trading exchange-traded products,<sup>9</sup> the Commission has solicited comment on the implications of including a trading pause pilot for exchange-traded funds for broad-based indices that also underlie options and futures products.

In addition, the Commission solicits comments regarding the operation of the trading pause pilot to date with respect to stocks in the S&P 500.

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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEAmex-2010-63 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-NYSEAmex-2010-63. 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>).

<sup>8</sup> The Commission notes that the Exchange has requested accelerated approval of the filing.

<sup>9</sup> See, e.g., SR-NYSEArca-2010-61.

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 a.m. and 3 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-NYSEAmex-2010-63, and should be submitted on or before July 19, 2010.<sup>10</sup>

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

**Florence E. Harmon,**  
Deputy Secretary.

[FR Doc. 2010-16406 Filed 7-6-10; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-62417; File No. SR-EDGA-2010-05]

### Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing of Proposed Rule Change To Amend EDGA Rule 11.14, Entitled "Trading Halts Due to Extraordinary Volatility"

June 30, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 30, 2010, EDGA Exchange, Inc. (the "Exchange" or "EDGA") 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 Exchange. The Commission is publishing this notice to

<sup>10</sup> The Commission believes that a 10-day comment period is reasonable, given the urgency of the matter. It will provide adequate time for comment.

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

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

<sup>2</sup> 17 CFR 240.19b-4.

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 amend EDGA Rule 11.14, entitled "Trading Halts Due to Extraordinary Volatility" to add additional securities to the pilot rule. The text of the proposed rule change is available at the Exchange's Web site at <http://www.directedge.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 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 parts 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 amend EDGA Rule 11.14 to add securities included in the Russell 1000<sup>®</sup> Index ("Russell 1000") and specified Exchange Traded Products ("ETP") to the pilot rule. For purposes of this filing, ETPs include Exchange Traded Funds ("ETF"),<sup>3</sup> Exchange Traded Vehicles ("ETV"),<sup>4</sup> and Exchange Traded Notes ("ETN").<sup>5</sup>

<sup>3</sup> An ETF is an open-ended registered investment company under the Investment Company Act of 1940 that has received certain exemptive relief from the SEC to allow secondary market trading in the ETF shares. ETFs are generally index-based products, in that each ETF holds a portfolio of securities that is intended to provide investment results that, before fees and expenses, generally correspond to the price and yield performance of the underlying benchmark index.

<sup>4</sup> An ETV tracks the underlying performance of an asset or index, allowing investors exposure to underlying assets such as futures contracts, commodities, and currency without actually trading futures or taking physical delivery of the underlying asset. An ETV is traded intraday like an ETF. An ETV is an open-ended trust or partnership unit that is registered under the Securities Act of 1933.

<sup>5</sup> An ETN is a senior unsecured debt obligation designed to track the total return of an underlying index, benchmark or strategy, minus investor fees. ETNs are registered under the Securities Act of 1933 and are redeemable to the issuer.