

of the Act<sup>12</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>13</sup> in particular, in that it is designed 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 Exchange further believes that the proposal is consistent with the SEC Quote Rule's provisions regarding non-firm quotations.<sup>14</sup> Specifically, Rule 602(a)(3)(i) provides that if, at any time a national securities exchange is open for trading, the exchange determines, pursuant to rules approved by the Commission, that the level of trading activities or the existence of unusual market conditions is such that the exchange is incapable of collecting, processing, and making available to vendors the data for a subject security required to be made available in a manner that accurately reflects the current state of the market on such exchange, such exchange shall immediately notify all specified persons of that determination and, upon such notification, the exchange is relieved of its obligations under paragraphs (a)(1) and (2) of Rule 602 relating to collecting and disseminating quotations, subject to certain other provisions of Rule 602(a)(3).

By proposing to disseminate a bid of \$0.00 for a size of zero contracts, or an offer of \$0.00 for a size of zero contracts in certain situations delineated above in the Exchange's rules, the Exchange believes that it is adequately communicating that it is non-firm on that side of the market in compliance with the Quote Rule.

#### *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 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 either solicited or received.

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

Because the foregoing proposed rule change 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 after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act<sup>15</sup> and Rule 19b-4(f)(6)<sup>16</sup> thereunder.

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 to determine whether the proposed rule should be approved or disapproved.

#### **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](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2010-134 in 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-Phlx-2010-134. 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

<sup>15</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>16</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give 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 Exchange has satisfied this requirement.

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 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-Phlx-2010-134 and should be submitted on or before October 27, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

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

[FR Doc. 2010-25138 Filed 10-5-10; 8:45 am]

**BILLING CODE 8010-01-P**

### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-63023; File No. SR-Phlx-2010-125]

#### **Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Clearly Erroneous Transactions**

September 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 September 22, 2010, NASDAQ OMX PHLX LLC ("PHLX" or the "Exchange") 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.

<sup>17</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.

<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

<sup>14</sup> See 17 CFR 242.602(a)(3)(i) and (ii).

## I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend PHLX Rule 3312, governing clearly erroneous executions on the NASDAQ OMX PSX system ("PSX"). The text of the proposed rule change is available from the Exchange's Web site at <http://nasdaqomxphlx.cchwallstreet.com>, at the Exchange's principal office, at the Commission's Web site at <http://www.sec.gov>, 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. The text of these statements may be examined at the places specified in Item III below, and is set forth in Sections A, B, and C below.

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

#### 1. Purpose

The Exchange is proposing modifications to its Rule 3312, entitled Clearly Erroneous Transactions. Rule 3312 was recently approved by the Commission in connection with a proposal to resume trading of NMS stocks through the Exchange's PSX system.<sup>3</sup> The proposed changes are designed to conform Rule 3312 to changes that were recently approved to the corresponding rules of The NASDAQ Stock Market (the "NASDAQ Exchange") and NASDAQ OMX BX ("BX"), and other exchanges.<sup>4</sup> First, the Exchange proposes replacing existing paragraph (a)(2)(C)(ii) of Rule 3312, entitled "Unusual Circumstances and Joint Market Rulings" with a new paragraph, entitled "Multi-Stock Events Involving Twenty or More Securities." Second, the Exchange is replacing existing paragraph (a)(2)(C)(iv) of Rule 3312, entitled "Numerical Guidelines Applicable to Volatile Market Opens" with a new paragraph, entitled

"Individual Stock Trading Pauses." Third, the Exchange is proposing changes to existing paragraph (b) of Rule 3312 to eliminate the ability of the Exchange to deviate from the Numerical Guidelines contained in paragraph (a)(2)(C)(i) when deciding which transactions will be reviewed by the Exchange as potentially clearly erroneous. Fourth, the Exchange proposes modifications to paragraphs (a)(2)(C)(i) and (iii) of Rule 3312 consistent with the proposed changes to paragraphs (a)(2)(C)(ii) and (iv). Finally, the Exchange proposes amending paragraph (c)(1), related to appeals of clearly erroneous execution decisions by the Exchange, to preserve non-appealability of all joint rulings between the Exchange and one or more other market centers.<sup>5</sup> As proposed, the provisions of paragraph (a)(2)(C), paragraph (b) and paragraph (c)(1) of Rule 3312, as amended by this filing, would be in effect during a pilot period set to end on December 10, 2010. If the pilot is not either extended or made permanent by December 10, 2010, the prior versions of paragraph (a)(2)(C), paragraph (b) and paragraph (c)(1) of Rule 3312 would be in effect.

The Exchange is proposing the rule changes described below in consultation with other markets and Commission staff to provide for uniform treatment: (1) Of clearly erroneous execution reviews in Multi-Stock Events involving twenty or more securities; and (2) in the event transactions occur that result in the issuance of an individual stock trading pause by the primary market and subsequent transactions that occur before the trading pause is in effect on the Exchange. The Exchange has also proposed additional changes to Rule 3312 that reduce the ability of the Exchange to deviate from the objective standards set forth in the Rule. In addition, the Exchange is modifying certain defined terms in the rule to match definitions used by other exchanges in order to avoid the risk of confusion. The proposed changes are described in further detail below.

#### Revised Paragraph (a)(2)(C)(ii) Related to Multi-Stock Events Involving Twenty or More Securities

The Exchange proposes to eliminate the majority of existing paragraph (a)(2)(C)(ii), which provides flexibility to the Exchange to use different Numerical Guidelines or Reference Prices in various "Unusual Circumstances." The Exchange proposes

to replace this paragraph with new language that would apply to Multi-Stock Events involving twenty or more securities whose executions occurred within a period of five minutes or less. The revised paragraph would retain language making clear that during Multi-Stock Events involving twenty or more securities the number of affected transactions may be such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. Accordingly, in such circumstances, decisions made by the Exchange in consultation with other markets could not be appealed. Further, as proposed, in connection with reviews of Multi-Stock Events involving twenty or more securities, the Exchange may use a Reference Price other than consolidated last sale in its review of potentially clearly erroneous executions. With the exception of those securities under review that are subject to an individual stock trading pause as described in proposed paragraph (a)(2)(C)(iv), and to ensure consistent application across market centers when proposed paragraph (a)(2)(C)(ii) is invoked, the Exchange will promptly coordinate with the other market centers to determine the appropriate review period, which may be greater than the period of five minutes or less that triggered application of proposed paragraph (a)(2)(C)(ii), as well as select one or more specific points in time prior to the transactions in question and use transaction prices at or immediately prior to the one or more specific points in time selected as the Reference Price. The Exchange will nullify as clearly erroneous all transactions that are at prices equal to or greater than 30% away from the Reference Price in each affected security during the review period selected by the Exchange and other markets consistent with the proposed paragraph (a)(2)(C)(ii).

Because the Exchange and other market centers are adopting a different threshold and standards to handle large-scale market events, which would include events occurring during times of high volatility at the beginning of regular trading hours, the Exchange proposes deletion of paragraph (a)(2)(C)(iv) ("Numerical Guidelines Applicable to Volatile Market Opens") of the existing rule. The Exchange believes that this provision is no longer necessary, and if maintained, could result in extremely high Numerical Guidelines (up to 90%) in certain circumstances.

<sup>3</sup> Securities Exchange Act Release No. 62877 (September 9, 2010), 75 FR 56633 (September 16, 2010) (SR-PHLX-2010-79).

<sup>4</sup> Securities Exchange Act Release No. 62886 (September 10, 2010), 75 FR 56613 (September 16, 2010) (File Nos. SR-BATS-2010-016; SR-BX-2010-040; SR-CBOE-2010-056; SR-CHX-2010-13; SR-EDGA-2010-03; SR-EDGX-2010-03; SR-ISE-2010-62; SR-NASDAQ-2010-076; SR-NSX-2010-07; SR-NYSE-2010-47; SR-NYSEAmex-2010-60; SR-NYSEArca-2010-58).

<sup>5</sup> The Exchange is also amending text in paragraphs (a)(2)(A)(iii)B. and (e)(1) to correct minor typographical errors in the text of the rule.

Revised Paragraph (a)(2)(C)(iv) Related to Individual Stock Trading Pauses

The NASDAQ Exchange and other primary listing markets for U.S. stocks recently amended their rules so that they may, from time to time, issue a trading pause for an individual security if the price of such security moves 10% or more from a sale in a preceding five-minute period, and other exchanges have amended their rules to follow these trading pauses. In this regard, the Exchange's approved rules for PSX pause trading in an individual stock when the primary listing market for such stock issues a trading pause, as provided in Rule 3100(a)(4).<sup>6</sup> As described above, the Exchange is proposing to eliminate existing paragraph (a)(2)(C)(iv) ("Numerical Guidelines Applicable to Volatile Market Opens"). The Exchange proposes adopting a rule, numbered as (a)(2)(C)(iv) following such elimination, that will provide for uniform treatment of clearly erroneous execution reviews in the event transactions occur that result in the issuance of an individual stock trading pause by the primary listing market and subsequent transactions that occur before the trading pause is in effect on the Exchange. The proposed rule change is necessary to provide greater certainty of

the clearly erroneous Reference Price for transactions that trigger a trading pause (the "Trigger Trade") and subsequent transactions occurring between the time of the Trigger Trade and the time the trading pause message is received by the Exchange from the single plan processor responsible for consolidation and dissemination of information for the security and put into effect on the Exchange, especially under highly volatile and active market conditions.

The Exchange proposes to revise paragraph (a)(2)(C)(iv) of Rule 3312 to allow the Exchange to use the price that triggered a trading pause in an individual stock (the "Trading Pause Trigger Price") as the Reference Price for clearly erroneous execution reviews of a Trigger Trade and transactions that occur immediately after a Trigger Trade but before a trading pause is in effect on the Exchange. As proposed, the phrase "Trading Pause Trigger Price" shall mean the price that triggered a trading pause pursuant to PHLX Rule 3100(a)(4). The Trading Pause Trigger Price reflects a price calculated by the primary listing market over a rolling five-minute period and may differ from the execution price of a transaction that triggered a trading pause. The Exchange will rely on the primary listing market that issued an individual stock trading pause to determine and communicate

the Trading Pause Trigger Price for such stock. The Exchange proposes to make clear in the text that the proposed standards in paragraph (a)(2)(C)(iv) apply regardless of whether the security at issue is part of a Multi-Stock Event involving five or more securities as described in proposed paragraphs (a)(2)(C)(i) and (ii).

As proposed, the Numerical Guidelines set forth in PHLX Rule 3312(a)(2)(C)(i), other than those Numerical Guidelines applicable to Multi-Stock Events, would apply to reviews of Trigger Trades and subsequent transactions. The Exchange proposes to review, on its own motion pursuant to paragraph (b)(2) of the Rule, all transactions that trigger a trading pause and subsequent transactions occurring before the trading pause is in effect on the Exchange. The Exchange has proposed to limit such reviews to reviews of transactions that executed at a price lower than the Trading Pause Trigger Price in the event of a price decline and higher than the Trading Pause Trigger Price in the event of a price rise. Because the proposed rules for trading pauses would only apply within Regular Trading Hours,<sup>7</sup> an execution would be reviewed and nullified as clearly erroneous if it exceeds the following thresholds:

Reference price or product	Numerical guidelines (Subject transaction's % difference from the Trading Pause Trigger Price)
Greater than \$0.00 up to and including \$25.00 .....	10%.
Greater than \$25.00 up to and including \$50.00 .....	5%.
Greater than \$50.00 .....	3%.
Leveraged ETF/ETN securities .....	Regular Trading Hours Numerical Guidelines multiplied by the leverage multiplier (i.e., 2x).

Revisions to Paragraph (b)

To be consistent with other exchanges, the Exchange is eliminating paragraph (b) and adding new paragraphs (b)(1) and (b)(2) to separate System Disruptions from Own Motion situations. Consistent with other proposals made in this filing, the Exchange proposes modifying paragraph (b) to eliminate the ability of a Senior Official to deviate from the Numerical Guidelines contained in the Rule other

than under very limited circumstances set forth in paragraph (a)(2)(C)(iii).

New paragraph (b)(1) provides a Senior Official of the Exchange the ability on his or her own motion, to review and rule on executions that result from "any disruption or a malfunction in the operation of any electronic communications and trading facilities of the Exchange, or extraordinary market conditions or other circumstances in which the nullification of transactions may be

necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest exist."

New paragraph (b)(2) is similar to existing Rule 3312(b) and covers other situations where the Exchange may act on its own motion. Without modification, the language "extraordinary market conditions or other circumstances \* \* \*" in current Rule 3312(b) would leave the Exchange with broad discretion to deviate from the Numerical Guidelines set forth in

<sup>6</sup> Prior to the launch of trading on PSX, the Exchange will submit a proposed rule change to amend Rule 3100(a)(4) to reflect changes recently approved to the corresponding rules of other exchanges. Securities Exchange Act Release No. 62884 (September 10, 2010), 75 FR 56618 (September 16, 2010) (SR-BATS-2010-018; SR-BX-2010-044; SR-CBOE-2010-065; SR-CHX-2010-14; SR-EDGA-2010-05; SR-EDGX-2010-05; SR-ISE-2010-66; SR-NASDAQ-2010-079; SR-NYSE-2010-49; SR-NYSEAmex-2010-63; SR-

NYSEArca-2010-61; SR-NSX-2010-08). Securities Exchange Act Release No. 62884 amended trading pause rules originally adopted by PSX in SR-PHLX-2010-79, supra n. 3, and by other exchanges in Securities Exchange Act Release No. 62252 (June 10, 2010), 75 FR 34186 (June 16, 2010) (SR-BATS-2010-014; SR-EDGA-2010-01; SR-EDGX-2010-01; SR-BX-2010-037; SR-ISE-2010-48; SR-NYSE-2010-39; SR-NYSEAmex-2010-46; SR-NYSEArca-2010-41; SR-NASDAQ-2010-061; SR-CHX-2010-10; SR-NSX-2010-05; SR-CBOE-2010-047).

<sup>7</sup> The term "Regular Trading Hours" is being renamed from "Core Session" in Rule 3312(a)(2)(B) as the time between 9:30 a.m. and 4 p.m. Eastern Time. According to rules of the primary listing markets, an individual stock trading pause can be issued based on a Trigger Trade that occurs at any time between 9:45 a.m. and 3:35 p.m. Eastern Time. See NASDAQ Exchange Rule 4120(a)(11), NYSE Rule 80C, and NYSE Arca Rule 7.11.

paragraph (a)(2)(C)(i). Thus, the Exchange proposes narrowing the scope of paragraph (b) so that it only permits the Exchange to nullify transactions consistent with that paragraph (including at a lower Numerical Guideline) if there is a disruption or malfunction in the use of the Exchange's system covered by proposed Rule 3312(b)(1).

For the same reason, the Exchange proposes eliminating the words "use or" from the language in subsection (b) to make clear that the provision only applies to a disruption or malfunction of the Exchange's system (and not of a user of the Exchange's systems).

Paragraph (b)(2) gives a Senior Official of the Exchange the ability on his or her own motion to review transactions as potentially clearly erroneous. Consistent with the goal of achieving more objective and standard results, the Exchange proposes deleting language in existing paragraph (b) that would allow the Exchange to deviate from the Numerical Guidelines contained in paragraph (a)(2)(C)(i). In addition, the Exchange proposes to make clear that any Senior Official reviewing transactions on his or her own motion must follow the guidelines set forth in proposed paragraph (a)(2)(C)(iv), if applicable. Accordingly, the Exchange proposes to modify paragraph (b)(2) to state that an officer must rely on paragraphs (a)(2)(C)(i)–(iv) of Rule 3312 when reviewing transactions on his or her own motion.

#### Additional Conforming Revisions to Paragraphs (a)(2)(C)(i) and (a)(2)(C)(iii)

Based on proposed paragraph (a)(2)(C)(ii), the Exchange has proposed certain conforming changes to paragraphs (a)(2)(C)(i) and (iii) of the existing Rule, as described below.

Under current Rule 3312, a transaction may be found to be clearly erroneous only if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the Reference Price by an amount that equals or exceeds the Numerical Guidelines set forth in paragraphs (a)(2)(C)(i) of the Rule. The "Reference Price" is currently defined as "the consolidated last sale immediately prior to the execution(s) under review except for in Unusual Circumstances \* \* \* ." The Exchange proposes modifying paragraph (a)(2)(C)(i) consistent with the changes described above such that the Exchange shall use the consolidated last sale immediately prior to the execution(s) under review as the Reference Price except for: (A) Multi-Stock Events involving twenty or more securities, as described in

proposed paragraph (a)(2)(C)(ii); (B) transactions not involving a Multi-Stock Event as described in proposed paragraph (a)(2)(C)(ii) that trigger a trading pause and subsequent transactions, as described in proposed paragraph (a)(2)(C)(iv), in which case the Reference Price shall be determined in accordance with that paragraph (a)(2)(C)(iv); and (C) in other circumstances, such as, for example, relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a different Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest. The Exchange also proposes modifying paragraph (a)(2)(C)(i) to reduce uncertainty as to the applicability of the Numerical Guidelines, by requiring a finding that an execution was clearly erroneous if such execution exceeds the Numerical Guidelines, subject only to the Additional Factors included in paragraph (a)(2)(C)(iii). Moreover, the Exchange proposes revising the existing description for Multi-Stock Events that is contained on the Numerical Guidelines chart to make clear that different Numerical Guidelines apply for Multi-Stock Events involving five or more, but less than twenty, securities whose executions occurred within a period of five minutes or less. In addition, the Exchange proposes adding to the Numerical Guidelines chart a row that contains the Numerical Guidelines (30%) for Multi-Stock Events involving twenty or more securities whose executions occurred within a period of five minutes or less.

The Exchange proposes clarifying paragraph (a)(2)(C)(iii) to make clear that the additional factors set forth in that paragraph are not intended to provide any discretion to an Exchange official to deviate from the guidelines that apply to Multi-Stock Events or to transactions in securities subject to individual stock trading pauses.

The Exchange also proposes amending paragraph (c)(1), related to appeals of clearly erroneous execution decisions by the Exchange, to preserve non-appealability of all joint rulings between the Exchange and one or more other market centers. The Exchange believes that certainty and consistency is critical to reviews of related executions that span multiple market centers. Accordingly, although the Exchange has proposed deletion of such language from existing paragraph (a)(2)(C)(iii), the Exchange proposes adding such language back in to

paragraph (c)(1) to make clear that joint market rulings are not appealable.

Finally, the Exchange is amending text in paragraphs (a)(2)(A)(iii)B. and (e)(1) to correct minor typographical errors in the text of the existing rule.

## 2. Statutory Basis

The rule change proposed in this submission is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>8</sup> In particular, the proposed change is consistent with Section 6(b)(5) of the Act,<sup>9</sup> because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest. The proposed rule change is also designed to support the principles of Section 11A(a)(1)<sup>10</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 transparency and uniformity across markets concerning reviews of potentially clearly erroneous executions in various contexts, including reviews in the context of a Multi-Stock Event involving twenty or more securities and reviews resulting from a Trigger Trade and any executions occurring immediately after a Trigger Trade but before a trading pause is in effect on the Exchange. Further, the Exchange believes that the proposed changes enhance the objectivity of decisions made by the Exchange with respect to clearly erroneous executions.

### *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*

Written comments were neither solicited nor received.

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> 15 U.S.C. 78k-1(a)(1).

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; or (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>11</sup> and Rule 19b-4(f)(6) thereunder.<sup>12</sup>

The Exchange has requested that the Commission waive the 30-day operative delay. The Commission hereby grants that request.<sup>13</sup> The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because it has recently approved Phlx's proposal to initiate trading on PSX, which it plans to do on October 8, 2010, and believes that the proposed rule change should be implemented on that date to ensure that the Exchange's rules on clearly erroneous trades are consistent with the recently approved changes to the clearly erroneous execution rules of the other markets.

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 to determine whether the proposed rule should be approved or disapproved.

### 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](mailto:rule-comments@sec.gov). Please include File No. SR-Phlx-2010-125 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 No. SR-Phlx-2010-125. 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 Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission,<sup>14</sup> 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of Phlx. 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-Phlx-2010-125 and should be submitted on or before October 27, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

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

[FR Doc. 2010-25137 Filed 10-5-10; 8:45 am]

**BILLING CODE 8010-01-P**

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission 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 satisfied this requirement.

<sup>13</sup> 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).

<sup>14</sup> The text of the proposed rule change is available on the Commission's Web site at <http://www.sec.gov>.

<sup>15</sup> 17 CFR 200.30-3(a)(12).

### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63025; File No. SR-MSRB-2010-08]

#### Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of Amendment No. 1 to and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Amend Rule A-3, on Membership on the Board, To Comply With the Dodd-Frank Wall Street Reform and Consumer Protection Act

September 30, 2010.

On August 27, 2010, the Municipal Securities Rulemaking Board ("Board" or "MSRB") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend MSRB Rule A-3, on membership on the Board, to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act").<sup>3</sup> The Commission published the proposed rule change for comment in the **Federal Register** on September 8, 2010.<sup>4</sup> The Commission received ten comment letters, the MSRB's response, and a supplemental response to the MSRB's response.<sup>5</sup> On September 30, 2010, the

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

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

<sup>3</sup> See Public Law No. 111-203, 124 Stat. 1376 (2010).

<sup>4</sup> See Securities Exchange Act Release No. 62827 (September 1, 2010), 75 FR 54673.

<sup>5</sup> See e-mail from Peter Shapiro, Managing Director, Swap Financial Group, LLC, dated September 14, 2010 ("Swap Financial Letter"); email from Kevin Olson, dated September 17, 2010 ("Olson Letter"); letter from Mike Nicholas, Chief Executive Officer, Bond Dealers of America, dated September 17, 2010 ("Bond Dealers Letter"); letter from Robert W. Doty, President, American Governmental Financial Services, dated September 21, 2010 ("AGFS Letter I"); letter from Joy A. Howard, Principal, WM Financial Strategies, dated September 21, 2010 ("WM Financial Letter"); letter from Steve Apfelbacher, President, National Association of Independent Public Finance Advisors, dated September 22, 2010 ("NAIPFA Letter"); letter from Michael Decker, Managing Director and Co-Head, Municipal Securities Division, Securities Industry and Financial Markets Association, dated September 22, 2010 ("SIFMA Letter"); letter from Susan Gaffney, Director, Federal Liaison Center, Government Finance Officers Association, dated September 22, 2010 ("GFOA Letter"); letter from Thomas M. DeMars, Managing Principal, Fieldman, Rolapp & Associates, dated September 22, 2010 ("Fieldman Letter"); letter from Lawrence P. Sandor, Senior Associate General Counsel, MSRB, dated September 23, 2010 ("MSRB Response Letter"); email from Robert W. Doty, President, American Governmental Financial Services, dated September 27, 2010 ("AGFS Letter