

receipt. This technology was not previously available.

The Exchange proposes this amendment to both Exchange Rule 1063 as well as OFPA C-2, which is part of the minor rule plan.¹⁴

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁶ 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, by requiring a floor broker to enter more specific information to identify trades. This proposal would enhance the Exchange's audit trail.

Further, the Exchange believes that amending the language concerning clearing information related to the contra-side of the trade to require the information to be entered into FBMS contemporaneously upon receipt on the Exchange is consistent with the language of other exchanges and still allows for the timely entry of information for clearing purposes.

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: (i) Does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) 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, if consistent with the protection of

investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁷ and Rule 19b-4(f)(6) thereunder.¹⁸

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. Please include File Number SR-Phlx-2010-139 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-Phlx-2010-139. 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

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the self-regulatory organization to submit to 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.

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 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-2010-139 and should be submitted on or before November 8, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63082; File No. SR-Phlx-2010-130]

Self-Regulatory Organizations; Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NASDAQ OMX PHLX LLC Relating to PIXL Fees

October 13, 2010.

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 September 29, 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, II, and III 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 amend its Fee Schedule to add pricing applicable to members utilizing the Exchange's

¹⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹⁴ The Exchange's minor rule plan consists of options floor procedure advices ("OFPA's" or "Advices") with preset fines, pursuant to Rule 19d-1(c) under the Act. 17 CFR 240.19d-1(c). Most OFPA's have corresponding options rules.

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

price improvement mechanism known as Price Improvement XL or (PIXLSM).

While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative upon the approval and effectiveness of SR-Phlx-2010-108.³

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqtrader.com/micro.aspx?id=PHLXfilings>, 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 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 the proposed rule change is to assess fees for orders known as PIXL Orders⁴ and Initiating Orders⁵ according to the following categories: Customers, Directed Participants,⁶ Specialists,⁷ Streaming Quote Traders ("SQT"),⁸ Remote

³ SR-Phlx-2010-108 is a proposal to adopt Rule 1080(n) to establish a price-improvement mechanism.

⁴ A member may electronically submit for execution an order it represents as agent on behalf of a public customer, broker-dealer, or any other entity ("PIXL Order") against principal interest or against any other order (except as provided in subparagraph (n)(i)(E) below) it represents as agent ("Initiating Order") provided it submits the PIXL order for electronic execution into the PIXL Auction ("Auction") pursuant to Rule 1080. See Exchange Rule 1080(n) as proposed in SR-Phlx-2010-108.

⁵ See footnote 4.

⁶ See Exchange Rule 1080(l), "* * * The term 'Directed Specialist, RSQT, or SQT' means a specialist, RSQT, or SQT that receives a Directed Order." A Directed Participant has a higher quoting requirement as compared with a specialist, SQT or RSQT who is not acting as a Directed Participant. See Exchange Rule 1014.

⁷ A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a).

⁸ A Streaming Quote Trader is defined in Exchange Rule 1014(b)(ii)(A) as an ROT who has received permission from the Exchange to generate

Streaming Quote Traders ("RSQT"),⁹ Firms and Broker-Dealers. All options traded on the Exchange are eligible for PIXL.

Initiating Order Trades Against the PIXL Order

The Exchange proposes to assess a fee of \$0.05 per contract when an Initiating Order executes against a PIXL Order in the symbols listed in Section I, the Fees and Rebates for Adding and Removing Liquidity in Select Symbols¹⁰ (known as "Select Symbols"), and the symbols defined in Section II¹¹ ("Section II Symbols"). The Exchange proposes to only assess the fees listed in Section II of the Fee Schedule for the PIXL Order when the PIXL Order trades against the Initiating Order in Section II Symbols and the Select Symbols. For example, a member or member organization would be assessed \$0.00 for Customer transactions.

For the symbols assessed according to Section III¹² of the Fee Schedule, titled Sector Index Options Fees and U.S Dollar-Settled Foreign Currency ("WCO") Options Fees, the transaction fees described in Section III would apply to both the Initiating Order and the PIXL Order for all executions.

PIXL Order Fees When the PIXL Order Does Not Trade Against the Initiating Order Select Symbols

Select Symbols: Section I

With respect to executions in Select Symbols, where the PIXL Order is not trading against the Initiating Order, the PIXL Order would be assessed the Fee for Removing Liquidity when that order is executed against a resting contra-side order or quote that was present upon initial receipt of the PIXL Order. The

and submit option quotations electronically through AUTOM in eligible options to which such SQT is assigned.

⁹ A Remote Streaming Quote Trader is defined Exchange Rule in 1014(b)(ii)(B) as an ROT that is a member or member organization with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically through AUTOM in eligible options to which such RSQT has been assigned.

¹⁰ The Fees and Rebates for Adding and Removing Liquidity in Select Symbols are listed in Section I of the Fee Schedule.

¹¹ An equity option includes exchange-traded fund share ("ETF"), Holding Company Depository Receipt ("HOLDR"), Russell 2000(R) Index (the "Full Value Russell Index" or "RUT"), options on the one-tenth value Russell 2000® Index (the "Reduced Value Russell Index" or "RMN"), options on the Nasdaq 100 Index traded under the symbol NDX ("NDX") and options on the one-tenth value of the Nasdaq 100 Index traded under the symbol MNX ("MNX").

¹² The symbols assessed fees according to Section III are BKX, FPX, HGX, OSX, SOX, UTY, and XAU ("Sector Index Options") and U.S. Dollar-Settled Foreign Currency Options ("WCOs").

resting contra-side order or quote would receive the Rebate for Adding Liquidity. Additionally, the PIXL Order would receive the Rebate for Adding Liquidity when that order is executed against contra-side order(s) that respond to the PIXL auction broadcast message, as well as when executed against contra-side quotes and unrelated orders on the PHLX book that arrived after the PIXL auction was initiated. The PIXL auction responders, contra-side order(s) and quote(s) would be assessed the Fee for Removing Liquidity.

For the symbols assessed according to Section III of the Fee Schedule, titled Sector Index Options Fees and U.S Dollar-Settled Foreign Currency ("WCO") Options Fees, the transaction fees described in Section III would apply to both the Initiating Order and the PIXL Order for all executions.

Equity Options: Section II

With respect to executions in Section II Equity Options,¹³ the PIXL Order would be assessed the appropriate Equity Option Fee in Section II of the Fee Schedule. The contra-side order or quote would be assessed the appropriate Equity Option Fee listed on the Fee Schedule as well. All other Equity Options Fees in Section II would apply as appropriate, including but not limited to Payment for Order Flow.

Finally, the Exchange is proposing to relocate the Flex Equity Option Fees from Section IV, FLEX Equity Options, of the Fee Schedule to Section II, Equity Options, and consolidate those fee with other Equity Option Fees for the sake of clarity. Section IV will now contain the proposed PIXL fees and is proposed to be titled "PIXL Pricing."

While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative upon the approval and effectiveness of SR-Phlx-2010-108.¹⁴

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act¹⁵ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁶ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members. The Exchange believes that the fee proposal

¹³ This includes all Symbols that are not specifically Select Symbols as listed in Section I of the Fee Schedule.

¹⁴ SR-Phlx-2010-108 is a proposal to adopt Rule 1080(n) to establish a price-improvement mechanism.

¹⁵ U.S.C. 78f(b).

¹⁶ U.S.C. 78f(b)(4).

is both equitable and reasonable for the reasons listed hereafter.

The proposed fees are consistent with the equitable price differentials that exist today at all option exchanges. For example, the fees and rebates assessed by the Exchange are similar, and in some cases less than, the fees and rebates assessed by the Boston Options Exchange Group, LLC ("BOX")¹⁷ and the International Securities Exchange ("ISE")¹⁸ for orders executed in a price improvement mechanism. For example a BOX participant could be assessed total fees of \$0.35 per contract as the price improvement period ("PIP") initiator and receive a rebate for their customer PIP order of \$0.25 per contract (in this example the net fee charged the BOX participant would be \$0.10), whereas the PIP responder could be assessed a fee of \$0.50 per contract. This is a differential of \$0.40 per contract between two BOX participants for participating in the PIP auction, which is equal to or less than the differentials that exist in the Exchange's proposal. With respect to ISE, the Exchange pays a rebate for certain PIXL executions, which is similar to the \$0.15 rebate ISE pays for its price improvement mechanism.

The Exchange operates in a fiercely competitive market place in which Exchange members and member organizations are highly sophisticated and highly knowledgeable. As is the case, members and member organizations readily and swiftly direct order flow or post liquidity to competing venues if they deem fee levels at a particular options exchange to be excessive, unfair or unreasonable. The Exchange believes the proposal is an equitable allocation of fees and not unfairly discriminatory for the reasons stated above.

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.

¹⁷ See Securities and Exchange Act Release No. 62632 (August 3, 2010), 75 FR 47869 (August 3, 2010) (SR-BX-2010-049).

¹⁸ See the ISE schedule of fee as of August 2, 2010.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.¹⁹ 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. Please include File Number SR-Phlx-2010-130 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-Phlx-2010-130. 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,²⁰ 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

¹⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

²⁰ The text of the proposed rule change is available on the Commission's Web site at <http://www.sec.gov/rules/sro.shtml>.

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-2010-130 and should be submitted on or before November 8, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²¹

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63085; File No. SR-BATS-2010-026]

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change, as Modified by Amendment No. 1, Related to Fees for Use of BATS Exchange, Inc.

October 13, 2010.

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 September 30, 2010, BATS Exchange, Inc. (the "Exchange" or "BATS") 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 prepared by the Exchange. On October 12, 2010, the Exchange filed Amendment No. 1, which modified the original filing.³ BATS has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act⁴ and Rule 19b-4(f)(2) thereunder,⁵ which renders the

²¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Exchange provided additional basis for the proposed rule change in the Statutory Basis section.

⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

⁵ 17 CFR 240.19b-4(f)(2).