

buffer for MMFs would reduce their net yields and possibly motivate institutional investors to move assets from MMFs to unregulated alternatives (particularly if regulatory reform does not include new constraints on such vehicles). The effect of these competing incentives on institutional investors' cash management practices is uncertain, but it is at least plausible that a reorganization of MMFs as SPBs may lead to a net shift of assets to unregulated investment vehicles.

h. Enhanced Constraints on Unregulated MMF Substitutes

New rules intended to reduce the susceptibility of MMFs to runs generally also will reduce the appeal of the funds to many investors. For example, several of the reforms recently adopted by the SEC probably will reduce the net yields that the funds pay to shareholders, and a switch to floating NAVs would eliminate a feature that some MMF shareholders see as essential.

Reforms that reduce the appeal of MMFs may motivate some institutional investors to move assets to alternative cash management vehicles with stable NAVs, such as offshore MMFs, enhanced cash funds, and other stable value vehicles. These vehicles typically invest in the same types of short-term instruments that MMFs hold and share many of the features that make MMFs vulnerable to runs, so growth of unregulated MMF substitutes would likely increase systemic risks. However, such funds need not comply with rule 2a-7 or other ICA protections and in general are subject to little or no regulatory oversight. In addition, the risks posed by MMF substitutes are difficult to monitor, since they provide far less market transparency than MMFs.

Thus, effective mitigation of systemic risks may require policy reforms targeted outside the MMF industry to address risks posed by funds that compete with MMFs and to combat regulatory arbitrage that might offset intended reductions in MMF risks. Such reforms most likely would require legislation and action by the SEC and other agencies. For example, consideration should be given to prohibiting unregistered investment vehicles from maintaining stable NAVs, perhaps by amending sections 3(c)(1) and 3(c)(7) of the ICA to specify that exemptions from the requirement to register as an investment company do not apply to funds that seek a stable NAV. Banking and state insurance regulators might consider additional restrictions to mitigate systemic risk for bank common and collective funds and

other investment pools that seek a stable NAV but that are exempt from registration under sections 3(c)(3) and 3(c)(11) of the ICA.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63223; File No. SR-FINRA-2010-054]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Operational Date of SR-FINRA-2009-065

November 1, 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 October 27, 2010, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ which renders the proposal effective upon receipt of this filing by 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

FINRA is proposing to extend the period during which FINRA may make the rule changes set forth in SR-FINRA-2009-065 and approved by the SEC on February 22, 2010, effective to no later than June 1, 2011.⁴

The proposed rule change would not make any new changes to the text of FINRA rules.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

⁴ See Securities Exchange Act Release No. 61566 (February 22, 2010), 75 FR 9262 (March 1, 2010) (Order Approving File No. SR-FINRA-2009-065) (hereinafter, "SEC Order Approving TRACE Expansion—Asset-Backed Securities").

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

In its filing with the Commission, FINRA 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. FINRA 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

On October 1, 2009, FINRA filed SR-FINRA-2009-065, a proposed rule change to expand the Trade Reporting and Compliance Engine ("TRACE") to designate asset-backed securities, mortgage-backed securities and other similar securities (collectively, "Asset-Backed Securities") as eligible for TRACE, and to establish reporting, fee and other requirements for such securities. In SR-FINRA-2009-065, FINRA stated that it would announce the effective date of the proposed rule change in a *Regulatory Notice* to be published "no later than 60 days following Commission approval" and the effective date would be "no later than 270 days following publication" of the *Regulatory Notice* announcing the Commission's approval.

The proposed rule change was published for notice and comment.⁵ FINRA filed its response to comments on December 22, 2009,⁶ and Amendment No. 1 to SR-FINRA-2009-065 on January 19, 2010 (hereinafter, SR-FINRA-2009-065 and Amendment No. 1 thereto are, together, the "TRACE ABS filing").⁷ The Commission

⁵ See Securities Exchange Act Release No. 60860 (October 21, 2009), 74 FR 55600 (October 28, 2009) (Notice of Filing of File No. SR-FINRA-2009-065).

⁶ See Letter from Sharon Zackula, Associate Vice President and Associate General Counsel, FINRA, to Elizabeth M. Murphy, Secretary, SEC, dated December 22, 2009.

⁷ The TRACE ABS filing included amendments to: (a) Rule 6710 to amend the defined terms, "Asset-Backed Security" and "TRACE-Eligible Security" to include Asset-Backed Securities as TRACE-Eligible Securities, to amend several other defined terms, and to add several new defined terms, most of which relate to Asset-Backed Securities; (b) Rule 6730 to require the reporting of Asset-Backed Securities transactions, to establish a six-month pilot period for reporting such transactions no later than T + 1 during TRACE System hours, and to amend certain requirements in connection with the reporting of commissions, factors, transaction size and settlement terms in

approved the TRACE ABS filing on February 22, 2010.⁸

On April 14, 2010, FINRA filed for immediate effectiveness SR-FINRA-2010-019, a proposed rule change to extend by 45 days the proposed implementation period for SR-FINRA-2009-065.⁹ On April 23, 2010, FINRA published *Regulatory Notice* 10-23 announcing Commission approval of the TRACE ABS Filing. *Regulatory Notice* 10-23 briefly described the rule changes, and, in reliance upon the 45-day extension provided for in SR-FINRA-2010-019, announced that the effective date of such rule changes would be February 14, 2011.

FINRA has determined that it would be beneficial to delay the effective date of the TRACE ABS filing to no later than June 1, 2011. FINRA will publish a *Regulatory Notice* no later than 30 days following the operative date of this proposed rule change to announce the revised effective date of the TRACE ABS filing, and to indicate that the previously announced effective date, February 14, 2011, is no longer valid.

The complexity and variety of structures of Asset-Backed Securities present significant operational and technical challenges. For example, new processes and systems are being developed and must be implemented across the industry to assure the integrity of the Asset-Backed Securities reference data that facilitates timely and accurate reporting. In addition, FINRA believes that it is very important to provide extended time for coordinated testing among firms and FINRA. Accordingly, FINRA believes a delay of the effective date until no later than June 1, 2011 is warranted.

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, such that FINRA can implement the proposed rule change immediately.

⁸ Asset-Backed Securities transactions; (c) Rule 6750 to provide that information on a transaction in a TRACE-Eligible Security that is an Asset-Backed Security will not be disseminated; (d) Rule 6760 to amend the notification requirements; (e) Rule 7730 to establish fees for reporting transactions in Asset-Backed Securities; and (f) the Rule 6700 Series and Rule 7730 to incorporate certain other technical, administrative and clarifying changes.

⁹ See SEC Order Approving TRACE Expansion—Asset-Backed Securities.

⁹ See Securities Exchange Act Release No. 61948 (April 20, 2010), 75 FR 22670 (April 29, 2010) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2010-019 to Extend the Implementation Period for SR-FINRA-2009-65).

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹⁰ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. The flexibility to establish an effective date no later than June 1, 2011 to implement the TRACE ABS filing will allow FINRA and members sufficient time to make additional necessary enhancements to the TRACE system and member systems, and to engage in coordinated testing of the technology. These steps will facilitate timely and accurate reporting of transactions in Asset-Backed Securities, and enhance FINRA's surveillance of the market in Asset-Backed Securities for the protection of investors and in furtherance of the public interest.

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

FINRA does not believe that the proposed rule change will result in 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.

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

The Exchange represented that the proposed rule change qualifies for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Exchange Act¹¹ and Rule 19b-4(f)(6) thereunder¹² because it: (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.¹³

¹⁰ 15 U.S.C. 78o-3(b)(6).

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

¹³ In addition, Rule 19b-4(f)(6)(iii) requires a 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

The Exchange has requested that the Commission waive the 30-day operative delay, so that the proposed rule change may become operative upon filing. The Commission hereby grants the Exchange's request.¹⁴ The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The proposal appears reasonably designed to allow firms sufficient time to make necessary systems and operational changes to facilitate the timely and accurate reporting of Asset-Backed Securities transactions as required by the TRACE ABS filing, and waiving the 30-day pre-operative period will allow FINRA to communicate the new operative date to its members without undue delay.

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.

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-FINRA-2010-054 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-FINRA-2010-054. 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

proposed rule change, or such shorter time as designated by the Commission. The Commission has waived the five-day pre-filing period in this case.

¹⁴ For the 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).

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 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 the filing also will be available for inspection and copying at the principal office of FINRA. 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-FINRA-2010-054 and should be submitted on or before November 29, 2010.

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

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63229; File No. SR-NYSE-2010-71]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by New York Stock Exchange LLC To Increase the Maximum Order Size Accepted by Floor Broker Systems From 25,000,000 Shares to 99,000,000 Shares

November 2, 2010.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b-4 thereunder,³ notice is hereby given that on November 1, 2010, New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in

Items I and II 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 Rule 1000 regarding the maximum order size accepted by Floor broker systems from 25,000,000 shares to 99,000,000 shares. The text of the proposed rule change is available at the Exchange, on the Commission's Web site at <http://www.sec.gov>, at 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 Rule 1000 to provide that Floor broker systems shall accept a maximum order size of 99,000,000, an increase from the current 25,000,000 share limit.

a. Background

Floor brokers receive orders from customers via telephone and electronic delivery to Floor broker systems. Details of orders delivered to Floor broker systems are automatically transmitted to a designated Exchange database as required by Rule 123(e). Orders delivered telephonically must be manually entered by the broker (or clerk) into Exchange systems in order to capture the order details in the designated Exchange database pursuant to Rule 123(e) before the broker can represent these orders on the Exchange. Exchange systems currently accept orders up to 25,000,000 shares. Exchange systems include Display Book®, which is the Exchange's matching engine, and Floor broker

systems, which are the systems made available to Floor brokers to accept orders from customers and if warranted, enter such orders into the Display Book. There is no limit on the size of orders that can be transmitted to a Floor broker telephonically. Customers who wish to send orders in excess of 25,000,000 shares must break these orders into smaller sizes to send electronically or submit these orders by telephone to the broker. The broker (or clerk) must then enter these telephonic orders in smaller quantities into Exchange systems.

b. Proposed Amendment to NYSE Amex Equities Rule 1000

The Exchange proposes to amend Rule 1000 to state that Floor broker systems shall accept a maximum order size up to 99,000,000 shares. This enhancement would allow more efficient electronic processing of very large orders sent to Floor brokers.

Orders sent to Display Book by Floor brokers are subject to the same maximum order size of 25,000,000 shares as all other market participants.

The Exchange notes that parallel changes are proposed to be made to the rules of the NYSE Amex LLC.⁴

The Exchange will implement the systemic changes on or about December 10, 2010 and will notify Floor brokers when the Floor broker systems have been modified to accept a maximum order size up to 99,000,000 shares.

2. Statutory Basis

The basis under the Securities Exchange Act of 1934 (the "Act")⁵ for this proposed rule change is the requirement under Section 6(b)(5)⁶ that an exchange have rules that are 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 believes that the proposed rule change accomplishes these goals by providing efficient methods for customers to transmit orders to Floor brokers.

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.

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ See SR-NYSEAmex-2010-102.

⁵ 15 U.S.C. 78a.

⁶ 15 U.S.C. 78f(b)(5).