

submitted on or before December 7, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63288; File No. SR-NYSEArca-2010-102]

### **Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NYSE Arca, Inc. Making a Technical Amendment to Its Rules To Insert the Specific Date for the Additional Expiration Months Pilot Program**

November 9, 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 November 8, 2010, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) 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 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 make technical amendments to its rules to insert the specific date for a pilot program. The text of the proposed rule change is available at the Exchange’s principal office, 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.

<sup>9</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.

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 make a technical amendment to its rules to insert a specific date for a pilot program.

The Exchange recently adopted rules to establish a pilot program that would permit the Exchange to list up to an additional two expiration months, for a total of six expiration months for each class of options open for trading on the Exchange.<sup>3</sup> This rule change proposes to amend the text of Commentary .09 to Rule 6.4 to insert the specific conclusion date of the pilot program, which is October 31, 2011.<sup>4</sup>

##### **2. Statutory Basis**

The Exchange believes that this proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (“Act”),<sup>5</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>6</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, 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, to protect investors and the public interest. In particular, the proposed rule change seeks to update rule text to insert specific dates for a pilot program in a manner that is consistent with the pilot program as originally proposed.

#### *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.

<sup>3</sup> See Securities Exchange Act Release No. 63133 (October 19, 2010), 75 FR 65545 (October 25, 2010) (Notice of Filing and Immediate Effectiveness of SR-NYSEArca-2010-93).

<sup>4</sup> Existing rule text, which became effective and operative immediately upon filing on October 18, 2010, indicates that the Exchange will insert the date 12 months from the next full month from approval. *Id.*

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

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

#### *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.

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

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act<sup>7</sup> and Rule 19b-4(f)(1) thereunder.<sup>8</sup> The Exchange designates the proposed rule change as an interpretation with respect to the meaning, administration, or enforcement of an existing rule.

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-NYSEArca-2010-102 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-NYSEArca-2010-102. 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>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(1).

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 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-NYSEArca-2010-102 and should be submitted on or before December 7, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63293; File No. SR-OCC-2010-16]

### Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving Proposed Rule Change Relating to Weekly Options And Monthly Options

November 9, 2010.

#### I. Introduction

On September 15, 2010, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission proposed rule change SR-OCC-2010-16 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> The proposed rule change will accommodate options that expire on (a) any Friday of a calendar month other than the third Friday of a calendar month ("Weekly Options") or (b) on the last trading day of a calendar month ("Monthly Options"). The proposed rule change was published for comment in

the **Federal Register** on September 28, 2010.<sup>3</sup> No comment letters were received on the proposal. This order approves the proposal.

#### II. Description of the Proposal

The purpose of the proposed rule change is to allow OCC to clear and to settle the Weekly Options and Monthly Options on broad-based indexes ("Weekly Index Options" and "Monthly Index Options," respectively) that were recently approved by the Commission for listing on a pilot program basis on the Chicago Board Options Exchange, Incorporated, ("CBOE").<sup>4</sup> Series of Weekly Index Options will expire on a Friday of a calendar month other than the third Friday, and Monthly Index Options will expire on the last trading day of a calendar month. If the last trading day of the month is a Friday, CBOE would opt to list Monthly Index Options over Weekly Index Options. Weekly Index Options and Monthly Index Options will be European-style, P.M.-settled contracts. These contracts will be subject to "automatic exercise procedures," which means that these contracts will automatically be exercised at expiration if immediately prior to expiration the contract's settlement amount equals or exceeds a predetermined amount without the opportunity for the clearing member to submit contrary exercise instructions.

Weekly Options and Monthly Options proposed by CBOE can be cleared and settled by OCC with relatively minor revisions to OCC's current By-Laws and Rules to provide for options that expire on a monthly or weekly schedule.<sup>5</sup> In particular, OCC will amend Article I, Section 1 of its By-Laws to include definitions covering Weekly and Monthly Options. Rule 801, which relates to the submission of exercise notices, will be changed to permit a Weekly or Monthly Option to be exercised on the business day before the expiration date and to include Weekly Index Options and Monthly Index Options in the listing of options series subject to automatic exercise. Interpretation and Policy .03 to Rule 805, which relates to expiration date

<sup>3</sup> Securities Exchange Act Release No. 62942 (Sept. 20, 2010), 75 FR 59779.

<sup>4</sup> Securities Exchange Act Release No. 62911 (Sept. 14, 2010), 75 FR 57539 (Sept. 21, 2010).

<sup>5</sup> OCC's By-laws and Rules already accommodate equity and index options that expire on a day other than a Saturday following the third Friday of the month. For example, they accommodate quarterly options, which expire on the last business day of a calendar quarter, and short term options, which expire a week after their introduction for trading. Quarterly index options and short term index options are also subject to automatic exercise procedures.

exercise processing, will be amended to permit OCC to specify time frames for submitting exercise instructions and furnishing reports with respect to Weekly and Monthly Options on equity interests that are different than those time frames in effect for conventional options.<sup>6</sup> A conforming change to Rule 1804, which supplements Rule 805, also will be made to add Weekly Index Options and Monthly Index Options to the list of options series subject to automatic exercise.

#### III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC. In particular, the Commission believes the proposal is consistent with Section 17A(b)(3)(F) of the Act,<sup>7</sup> which requires that the rules of a registered clearing agency are designed to, among other things, remove impediments to the perfection of the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions. By expanding its clearance and settlement services to Weekly Index Options and Monthly Index Options while using substantially the same rules and procedures that it applies to transactions in other options with a nonconventional expiry date, such as Quarterly Index Options, OCC will enable its members to avail themselves of OCC's automated and time-proven clearance and settlement services for such options, which should help OCC to further remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.

#### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act<sup>8</sup> and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>9</sup> that the proposed rule change (File No. SR-

<sup>6</sup> Interpretation .03 will also be amended to clarify that it covers equity options with non-conventional expiration dates as opposed to index options with nonconventional expiration dates, which are subject to automatic exercise as described in Rule 1804.

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>8</sup> 15 U.S.C. 78q-1.

<sup>9</sup> 15 U.S.C. 78s(b)(2).

<sup>1</sup> 17 CFR 200.30-3(a)(12).

<sup>2</sup> 15 U.S.C. 78s(b)(1).

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