

The Exchange believes that the proposed change to the ISP, which will be equally applicable to all ISP participants, should be conducive to further enhancing the program's fairness and equitability.

## 2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>9</sup> in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,<sup>10</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which NASDAQ operates or controls, and 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, in general, to protect investors and the public interest. The rule change enhances the Investor Support Program, which helps to raise investors' confidence in the fairness of their transactions and benefit all investors by deepening NASDAQ's liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection.

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

NASDAQ 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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>11</sup> 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-NASDAQ-2010-153 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-NASDAQ-2010-153. 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 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-NASDAQ-2010-153 and should be submitted on or before December 29, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63415; File No. SR-DTC-2010-16]

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating To Extending the End-of-Day Cutoff Time for Processing to The Federal Reserve and To Reflect Other Changes Requested by the Federal Reserve

December 2, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on November 18, 2010, The Depository Trust Company ("DTC") 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 primarily by DTC. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>2</sup> and Rule 19b-4(f)(4)<sup>3</sup> thereunder so that the proposal was effective upon filing with 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

The proposed rule change will extend the end of day cutoff time for processing to the Federal Reserve and will reflect other changes requested by the Federal Reserve.

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

In its filing with the Commission, DTC 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. DTC has prepared

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

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

<sup>2</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

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

<sup>9</sup> 15 U.S.C. 78f.

<sup>10</sup> 15 U.S.C. 78f(b)(4) and (5).

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

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*

DTC's end-of-day settlement processing system controls and coordinates the settlement of Participant accounts and Settling Bank<sup>4</sup> accounts on DTC's system. The settlement process occurs through the Fedwire system and is initiated when DTC posts final figures for Participants and Settling Banks. Recently, the Federal Reserve ("FR") reviewed their current collateral processes and identified opportunities to improve the efficiency and timing of pledging collateral. To implement those changes, the FR has requested that DTC make revisions to its settlement schedule relating to the timing for Participants to pledge collateral to a Federal Reserve Bank ("FRB").<sup>5</sup> Additionally, the FR has requested that DTC consolidate the pledge reasons used for discount window and daylight overdraft payment system risk purposes.

Specifically, the FR has requested that DTC remove the pledge code 05-Daylight (Funds) Overdraft to prevent the future use of this code.<sup>6</sup> Instead, Participants will use the pledge code 01-Discount Window to submit pledges relating to daylight overdraft and relating to the discount window.

Effective December 2, 2010, DTC will extend the end-of-day cutoff time for processing pledges and releases to/from the FR from 3<sup>7</sup> p.m. to 5 p.m. to facilitate late-day processing for depository institutions.<sup>8</sup> Effective December 10, 2010, DTC will

<sup>4</sup> The term "Settling Bank" means a DTC Participant that is a bank or trust company subject to supervision or regulation pursuant to Federal or State banking laws and is a party to an effective DTC Settling Bank Agreement.

<sup>5</sup> The Pledge service allows a pledgor Participant to pledge securities as collateral for a loan or for other purposes and also to request the release of pledged securities. Pledges and releases to a FRB are made free of value, which means that the securities are pledged on DTC books but the funds side of the related transaction is settled outside of DTC.

<sup>6</sup> DTC will modify the automated input file feed option with an error message when requests are submitted with the purpose pledge code 05-Daylight (Funds) Overdraft. The error message will let the user know to use pledge code 01 instead.

<sup>7</sup> All times refer to Eastern Time.

<sup>8</sup> Depository institutions maintaining a deposit account at an FRB can make free pledges and release requests to the FRB. All DTC bank participants that are members of the FR are automatically eligible to pledge securities to FRBs that are DTC pledgees using the participant/non-participant pledge facility. DTC allows non-participants to pledge collateral to FRBs through DTC bank participants.

consolidate the pledge codes used for discount window and daylight overdraft payment system risk purposes into one code. The extended period for pledge affords greater flexibility in determining and securing liquidity needs which may, among other matters, enhance DTC settlement and generally help to minimize systemic risk. These accommodations will not adversely affect DTC's settlement, including its processing schedule and other cutoffs. These changes will necessitate revisions to the existing DTC Settlement Service Guide and are attached to DTC's proposed rule change as Exhibit 5.

Additionally, DTC is making unrelated technical changes to the Settlement Service Guide to conform to certain rule changes that have previously been filed with the Commission.<sup>9</sup> These changes include modifications to the Settlement Processing schedule as well as removing certain input methods that no longer exist and are detailed in the attached Exhibit 5.

DTC states that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>10</sup> and the rules and regulations thereunder applicable to DTC because the proposed rule change will promote the prompt and accurate clearance and settlement of securities transactions because it aligns its cutoff time for processing pledges and releases to and from an FRB with the timing for the processing of pledges in the market generally.

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

DTC does not believe that the proposed rule change will have any impact or impose any burden on competition.

<sup>9</sup> In 2004, the Commission approved a filing in which all reclaims of valued Money Market Instrument ("MMI") issuance transactions received by DTC after 2:30 p.m. are treated as "unmatched" and are subject to all original transaction-processing rules. Securities Exchange Act Release No. 50006 (July 19, 2004), 69 FR 43042 (June 12, 2004) (File No. SR-DTC-04-03). In 2009, DTC enhanced its systems in order to provide Issuing Paying Agents ("IPAs") with the ability to monitor their credit exposure to MMI issuers through an IPA Maturity Presentment "Pend" function. Securities Exchange Act Release No. 59695 (Apr. 2, 2009), 74 FR 7714 (Feb. 19, 2009) (File No. SR-DTC-2009-02). In 2010, DTC implemented a new function that allows DTC Participants to set a profile in the Participant Browser System so that they can request that excess funds be wired to their settling bank account at approximately 3:20 p.m. Securities Exchange Act Release No. 61922 (Apr. 15, 2010), 75 FR 21072 (Apr. 22, 2010) (File No. SR-DTC-2010-07). DTC is updating its Service Guide to further reflect these changes. DTC is also updating the Settlement Service Guide to reflect proper contact information and provide definitions of certain terms.

<sup>10</sup> 15 U.S.C. 78q-1.

*C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

DTC has not solicited or received written comments relating to the proposed rule change. DTC will notify the Commission of any written comments it receives.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>11</sup> and Rule 19b-4(f)(4)<sup>12</sup> because the proposed rule change effects a change in an existing service of DTC that (i) does not adversely affect the safeguarding of securities or funds in DTC's custody or control or for which it is responsible and (ii) does not significantly affect the respective rights of DTC or persons using the service. 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](mailto:rule-comments@sec.gov). Please include File No. SR-DTC-2010-16 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-DTC-2010-16. 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

<sup>11</sup> *Supra* note 2.

<sup>12</sup> *Supra* note 3.

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 such filings also will be available for inspection and copying at DTC's principal office and DTC's Web site at <http://www.dtc.org/impNtc/mor/index.html>. 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-DTC-2010-16 and should be submitted on or before December 29, 2010.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63413; File No. SR-NYSEAmex-2010-112]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NYSE Amex LLC Amending the Exchange Price List With Respect to Nasdaq Securities Traded Pursuant to Unlisted Trading Privileges

December 2, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on November 30, 2010, NYSE Amex LLC ("NYSE Amex" 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 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 2010 Price List for equities to amend the fees charged for taking liquidity in Nasdaq securities traded pursuant to unlisted trading privileges and to change the minimum size requirements for larger displayed orders in trades above \$5.00 to receive the enhanced rebate in lieu of the standard rebate for such securities. The amended pricing will become operative on December 1, 2010. The text of the proposed rule change is available at the Exchange's principal office, at <http://www.nyse.com>, at the Commission's Public Reference Room, and on the Commission's Web site at <http://www.sec.gov>.

#### 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 the Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The Exchange proposes to amend its 2010 Price List for equities to modify the fees charged to market participants, Supplemental Liquidity Providers ("SLPs") and Designated Market Makers ("DMMs") for taking liquidity in Nasdaq securities traded pursuant to unlisted trading privileges whose share price is \$1.00 or more.

Currently, market participants, SLPs and DMMs are charged a fee of \$0.0023 per share for orders in Nasdaq securities traded pursuant to unlisted trading privileges that take liquidity. Under the proposal, the fee will be changed to \$0.0027 per share for orders that take liquidity.

In a rule filing on October 1, 2010,<sup>3</sup> the Exchange adopted a block rebate of \$0.0036 per share for executions of displayed liquidity to all market participants and SLPs that provide liquidity in orders in Nasdaq securities traded pursuant to unlisted trading privileges that originally display a minimum of 5,000 shares with a trading price of at least \$5.00 per share, for as long as the order is not cancelled in amount that would reduce the original displayed amount below 5,000 shares. The Exchange proposes to reduce these minimum displayed size requirements from 5,000 shares to 2,000 shares.

In the Block Rebate Filing, the Exchange also adopted a block rebate for DMMs of \$0.0036 per share in Nasdaq securities traded pursuant to unlisted trading privileges for executions of the displayed portions of s-Quotes that provide liquidity and display 5,000 shares or more at the time of execution with a trading price of at least \$5.00 per share. The Exchange proposes to reduce this minimum displayed size requirement from 5,000 shares to 2,000 shares.

These changes are intended to become operative for all transactions beginning December 1, 2010.

###### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Securities Exchange Act of 1934 (the "Act"),<sup>4</sup> in general, and Section 6(b)(4) of the Act,<sup>5</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities. The Exchange believes that the proposal does not constitute an inequitable allocation of fees, as all similarly situated member organizations will be charged the same amount and access to the Exchange's market is offered on fair and non-discriminatory terms.

##### 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. 63072 (October 8, 2010), 75 FR 64368 (October 19, 2010) (File No. SR-NYSEAmex-2010-97) (the "Block Rebate Filing").

<sup>4</sup> 15 U.S.C. 78f(b).

<sup>5</sup> 15 U.S.C. 78f(b)(4).

<sup>13</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.