

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

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

Because the foregoing proposed rule change does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, 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, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(6) thereunder.¹²

The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because the \$5 Strike Price Program is substantially similar to that of another exchange that is already effective and operative.¹³ Therefore, the Commission designates the proposal operative upon filing.¹⁴

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-2011-02 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-2011-02. 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 website 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-2011-02 and should be submitted on or before February 10, 2011.

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

Elizabeth M. Murphy,
Secretary.

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¹⁵ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63712; File No. SR-Phlx-2011-01]

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to a Fee Cap on Dividend, Merger and Short Stock Interest Strategies

January 12, 2011.

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 January 3, 2011, NASDAQ OMX PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 the combined fee cap on equity option transaction charges on dividend,³ merger,⁴ and short stock interest⁵ strategies.

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, at the Commission's Public Reference Room, and on the Commission's Web site at <http://www.sec.gov>.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ For purposes of this proposal, the Exchange defines a "dividend strategy" as transactions done to achieve a dividend arbitrage involving the purchase, sale and exercise of in-the-money options of the same class, executed prior to the date on which the underlying stock goes ex-dividend. See e.g., Securities Exchange Act Release No. 54174 (July 19, 2006), 71 FR 42156 (July 25, 2006) (SR-Phlx-2006-40).

⁴ For purposes of this proposal, the Exchange defines a "merger strategy" as transactions done to achieve a merger arbitrage involving the purchase, sale and exercise of options of the same class and expiration date, executed prior to the date on which shareholders of record are required to elect their respective form of consideration, i.e., cash or stock.

⁵ For purposes of this proposal, the Exchange defines a "short stock interest strategy" as transactions done to achieve a short stock interest arbitrage involving the purchase, sale and exercise of in-the-money options of the same class.

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's 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 Commission has waived the five-day prefiling requirement in this case.

¹³ See *supra* notes 3 and 4.

¹⁴ 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).

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 amend the combined fee cap on equity option transaction charges for dividend, merger and short stock interest strategies ("Cap"). The Exchange believes that offering a Cap for members and member organizations would equalize the utilization of the Cap while continuing to attract additional liquidity and order flow to the Exchange and allow the Exchange to remain competitive with other options exchanges in connection with these types of options strategies.

Currently, the Exchange has a \$25,000 Cap per member organization⁶ per month when such members⁷ are trading for their own proprietary account. The Exchange proposes to establish a different Cap for members and assess the greater of the two Caps, a member or member organization Cap. The Exchange proposes to allow a member an alternate \$10,000 per month Cap per member.

By way of example, if a member organization had five members who

were transacting equity options, specifically dividends, mergers and short stock interest strategies, at the end of the month the Exchange would assess the greater of \$50,000 per month (\$10,000 per member) or \$25,000 per month. In this case the member organization would be assessed up to the Cap of \$50,000. If on the other hand a member organization had one member who was transacting equity options, specifically dividends, mergers and short stock interest strategies, at the end of the month the Exchange would assess up to the Cap of \$25,000 per month.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act⁹ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members and other persons using its facilities. The Exchange believes that the Cap is reasonable and relates to the volume transacted by a member organization. The Exchange believes this fee structure allows the Exchange to assess fees and apply the Cap more equitably as between smaller and larger member organizations at the Exchange.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁰ and paragraph (f)(2) of Rule 19b-4 thereunder,¹¹ because it establishes a due, fee, or other charge imposed by the Exchange.

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-2011-01 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-2011-01. 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 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

⁶ See NASDAQ OMX PHLX Rule 1(o) which states that a "member organization" shall mean a corporation, partnership (general or limited), limited liability partnership, limited liability company, business trust or similar organization, transacting business as a broker or a dealer in securities and which has the status of a member organization by virtue of (i) admission to membership given to it by the Membership Department pursuant to the provisions of Rules 900.1 or 900.2 or the By-Laws or (ii) the transitional rules adopted by the Exchange pursuant to Section 12-12 of the By-Laws. References to officer or partner, when used in the context of a member organization, shall include any person holding a similar position in any organization other than a corporation or partnership that has the status of a member organization.

⁷ See NASDAQ OMX PHLX Rule 1(n) which states that a "member" shall mean a permit holder which has not been terminated in accordance with the By-Laws and Rules of the Exchange.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(2).

should refer to File Number SR-Phlx-2011-01 and should be submitted on or before February 10, 2011.

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

Elizabeth M. Murphy,
Secretary.

[FR Doc. 2011-1081 Filed 1-19-11; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63711; File No. SR-ODD-2011-01]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Approval of Accelerated Delivery of Supplement to the Options Disclosure Document Reflecting Certain Changes to Disclosure Regarding Credit Default Options in, and Making Certain Technical Amendments to, the June 2007 Supplement to the Options Disclosure Document

January 12, 2011.

On October 25, 2010, The Options Clearing Corporation (“OCC”) submitted to the Securities and Exchange Commission (“Commission”), pursuant to Rule 9b-1 under the Securities Exchange Act of 1934 (“Act”),¹ five preliminary copies of a supplement to amend and restate the June 2007 Supplement to its options disclosure document (“ODD”) to reflect certain changes to disclosure regarding credit default options.² The supplement also proposes certain technical amendments.³ On December 21, 2010, the OCC submitted to the Commission five definitive copies of the January 2011 Supplement.⁴

The ODD currently contains general disclosures on the characteristics and risks of trading standardized options. The June 2007 Supplement amended the ODD to provide disclosure regarding credit default options in response to the Commission’s approval of Chicago Board Options Exchange’s (“CBOE”) proposal to list and trade credit default

options.⁵ In November 2010, the Commission approved a proposed rule change that, among other things, permits the CBOE to list credit default options that contemplate only a single credit event.⁶ The current proposed January 2011 Supplement amends the June 2007 Supplement disclosure to accommodate the listing of credit default options that contemplate only a single credit event, as now permitted under CBOE rules.⁷ In addition, the supplement proposes certain technical amendments, as described below, to the June 2007 Supplement. The January 2011 Supplement also restates the June 2007 Supplement, as amended, in its entirety.

Specifically, the proposed supplement to the June 2007 Supplement deletes the summary of the disclosure regarding the characteristics and risks of credit default options because this summary had previously been added to the ODD by the May 2010 Supplement. In addition, the proposed supplement amends the June 2007 Supplement to clarify that a listing options market has the ability to specify only a single credit event for automatic exercise of a series of credit default options, in addition to multiple credit events which were already disclosed in the June 2007 Supplement. Further, the OCC is proposing to make technical changes to the June 2007 Supplement by replacing the term “booklet” with “Booklet,” and to clarify the place in the ODD where the section entitled “Credit Default Options and Credit Default Basket Options” is inserted. The proposed supplement is intended to be read in conjunction with the more general ODD, which discusses the characteristics and risks of options generally.⁸

⁵ See Securities Exchange Act Release No. 55871 (June 6, 2007), 72 FR 32372 (June 12, 2007) (SR-CBOE-2006-84) (order approving CBOE’s proposed rules to list and trade credit default options); and Securities Exchange Act Release No. 56275 (August 17, 2007), 72 FR 47097 (August 22, 2007) (SR-CBOE-2007-26) (order approving CBOE’s proposed rules to list and trade credit default basket options).

⁶ See Securities Exchange Act Release No. 63352 (November 19, 2010), 75 FR 73155 (November 29, 2010) (SR-CBOE-2010-046) (order approving proposed rule change to amend certain rules pertaining to credit options).

⁷ The proposed January 2011 Supplement amends and restates the June 2007 Supplement to the February 1994 version of the booklet entitled “Characteristics and Risks of Standardized Options.”

⁸ The Commission notes that the options markets must continue to ensure that the ODD is in compliance with the requirements of Rule 9b-1(b)(2)(i) under the Act, 17 CFR 240.9b-1(b)(2)(i), including when changes regarding credit default options are made in the future. Any future changes to the rules of the options markets concerning credit default options would need to be submitted to the

Rule 9b-1(b)(2)(i) under the Act⁹ provides that an options market must file five copies of an amendment or supplement to the ODD with the Commission at least 30 days prior to the date definitive copies are furnished to customers, unless the Commission determines otherwise, having due regard to the adequacy of information disclosed and the public interest and protection of investors.¹⁰ In addition, five copies of the definitive ODD, as amended or supplemented, must be filed with the Commission not later than the date the amendment or supplement, or the amended ODD, is furnished to customers. The Commission has reviewed the proposed supplement and amendment and finds, having due regard to the adequacy of the information disclosed and the public interest and protection of investors, that they may be furnished to customers as of the date of this order.

It is therefore ordered, pursuant to Rule 9b-1 under the Act,¹¹ that definitive copies of the January 2011 Supplement and amendment to the ODD (SR-ODD-2011-01), reflecting changes to disclosure regarding credit default options and technical changes to the ODD, may be furnished to customers as of the date of this order.

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

Elizabeth M. Murphy,
Secretary.

[FR Doc. 2011-1080 Filed 1-19-11; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63709; File No. SR-FINRA-2011-001]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Provide Additional Time To Report Certain Reportable TRACE Transactions and Waive Certain Transaction Reporting Fees

January 12, 2011.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

Commission under Section 19(b) of the Act. 15 U.S.C. 78s(b).

⁹ 17 CFR 240.9b-1(b)(2)(i).

¹⁰ This provision permits the Commission to shorten or lengthen the period of time which must elapse before definitive copies may be furnished to customers.

¹¹ 17 CFR 240.9b-1.

¹² 17 CFR 200.30-3(a)(39).

¹² 17 CFR 200.30-3(a)(12).

¹ 17 CFR 240.9b-1.

² See letter from Jean M. Cawley, Senior Vice President and Deputy General Counsel, OCC, to Sharon Lawson, Senior Special Counsel, Division of Trading and Markets (“Division”), Commission, dated October 22, 2010.

³ See *id.*

⁴ See letter from Jean M. Cawley, Senior Vice President and Deputy General Counsel, OCC, to Sharon Lawson, Senior Special Counsel, Division of Commission, dated December 20, 2010.