support fee or fees, determined in accordance with Section 109 of the Act.

On April 25, 2003, the Commission issued a policy statement concluding that the Financial Accounting Standards Board ("FASB") and its parent organization, the Financial Accounting Foundation ("FAF"), satisfied the criteria for an accounting standard-setting body under the Act, and recognizing the FASB's financial accounting and reporting standards as "generally accepted" under Section 108 of the Act.[1] As a consequence of that recognition, the Commission undertook a review of the FASB's accounting support fee for calendar year 2011. In connection with its review, the Commission also reviewed the budget for the FAF and the FASB for calendar year 2011.

Section 109 of the Act also provides that the standard setting body can have additional sources of revenue for its activities, such as earnings from sales of publications, provided that each additional source of revenue shall not jeopardize, in the judgment of the Commission, the actual or perceived independence of the standard setter. In this regard, the Commission also considered the interrelation of the operating budgets of the FAF, the FASB and the Governmental Accounting Standards Board ("GASB"), the FASB's sister organization, which sets accounting standards used by State and local government entities. The Commission has been advised by the FAF that neither the FAF, the FASB nor the GASB accept contributions from the accounting profession.

After its review, the Commission determined that the 2011 annual accounting support fee for the FASB is consistent with Section 109 of the Act. Accordingly,

It is ordered, pursuant to Section 109 of the Act, that the FASB may act in accordance with this determination of the Commission.

By the Commission.

Elizabeth M. Murphy,

Secretary.

[FR Doc. 2011–5847 Filed 3–14–11; 8:45 am]

BILLING CODE 8011–01–P

[1] Financial Reporting Release No. 70.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–64054; File No. SR–NASDAQ–2011–036]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify NASDAQ Options Market Rules Chapter VII, Various Sections, Dealing With Market Maker Obligations

March 8, 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 March 3, 2011, The NASDAQ Stock Market LLC ("NASDAQ"), 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 by NASDAQ. 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

NASDAQ proposes to amend Chapter VII, Section 3, Continuing Market Maker Registration, Section 5, Obligations of Market Makers, and Section 6, Market Maker Quotations, of the NASDAQ rulebook for the NASDAQ Options Market ("NOM") to: (a) Permit market maker assignment by option rather than by series; (b) adopt a $5 quotation spread parameter; and (c) amend the quoting requirement for Market Makers as explained further below. These changes are scheduled to be implemented on NOM on or about May 31, 2011; the Exchange will announce the implementation schedule by Options Trader Alert, once the rollout schedule, which will be based in part on NOM participants' readiness, is finalized.

The text of the proposed rule change is available at *nasdaq.cchwallstreet.com,* at NASDAQ's principal office, 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, NASDAQ 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. NASDAQ 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 strengthen Market Maker obligations. The NASDAQ Options Market ("NOM"), the options trading facility of The NASDAQ Stock Market LLC, has been fully operational for over two years. During this time, NASDAQ has carefully considered the role of Market Makers in the NOM marketplace and their concomitant obligations.

An Options Market Maker is a Participant[3] registered with NASDAQ as a Market Maker.[4] Market Makers on NOM have certain obligations such as maintaining two-sided markets and participating in transactions that are "reasonably calculated to contribute to the maintenance of a fair and orderly market."[5] To register as a Market Maker, a Participant must file a written application with Nasdaq Regulation, which will consider an applicant's market making ability and other factors it deems appropriate in determining whether to approve an applicant's registration.[6] All Market Makers are designated as specialists on NOM for all purposes under the Act or rules thereunder.[7] The NOM Rules place no limit on the number of qualifying entities that may become Market Makers.[8] The good standing of a Market Maker may be suspended, terminated, or withdrawn if the conditions for approval cease to be maintained or the Market Maker violates any of its agreements with NASDAQ or any provisions of the NOM Rules.[9]

Currently, a Participant that has qualified as a Market Maker may register to make markets in individual series of

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The term "Options Participant" or "Participant" means a firm or organization that is registered with the Exchange pursuant to Chapter II of the NOM Rules for purposes of participating in options trading on NOM as a "Nasdaq Options Order Entry Firm" or "Nasdaq Options Market Maker."

[4] *See* NOM Rules, Chapter VII, Section 2.

[5] *See* NOM Rules, Chapter VII, Section 5(a).

[6] *See* NOM Rules, Chapter VII, Section 2(a).

[7] *See* NOM Rules, Chapter VII, Section 2.

[8] *See* NOM Rules, Chapter VII, Rule 2(c).

[9] *See* NOM Rules, Chapter VII, Section 4(b).

options.[10] Instead, NASDAQ proposes to require that Market Makers register by option. Thus, once so registered, a NOM Market Maker is subject to the market making obligations in all series of that option, except Quarterly Options Series, adjusted option series and any options series until the time to expiration for such series is less than nine months.[11] In order to effect this change, NASDAQ proposes to amend various provisions in Sections 3, 5 and 6 of Chapter VII that currently refer to "series." NASDAQ believes that registration by option rather than series should spread the benefits of Market Maker quoting across all series of an option, which should, in turn, result in higher quality markets.

NASDAQ also proposes to adopt quotation spread parameters, also known as bid/ask differentials, which establish the maximum permissible width between a Market Maker's bid and an offer in a particular series. Specifically, NASDAQ proposes to adopt a $5 wide quote spread parameters for all options.[12] Currently, NOM Market Makers are not subject to quote spread parameters, such that the requirement for a two-sided market can be met with a quotation that is very wide. NASDAQ believes that a $5 quote spread parameter for NOM Market Makers should result in narrower markets, and thereby, improve the quality of NOM's markets.

Lastly, NASDAQ proposes to amend its quotation requirement for Market Makers. Today, NOM Market Makers are required to make markets on a continuous basis in at least 75% of the options series in which the Market Maker is registered. NASDAQ proposes to change this requirement to 60% of the series; in those series, to satisfy this requirement with respect to quoting a series, a Market Maker must quote such series 90% of the trading day (as a percentage of the total number of minutes in such trading day)[13] or such higher percentage as the Exchange may announce in advance.[14] Nasdaq Regulation may consider exceptions to the requirement to quote 90% (or higher) of the trading day based on demonstrated legal or regulatory requirements or other mitigating circumstances. Although the proposed 60% requirement is lower than the current 75%, the Exchange is also proposing herein to adopt, for the first time, a quote spread requirement and a requirement to register by option rather than by series, which are considerable changes for Market Makers. NASDAQ believes that this new 60% quoting requirement is needed to balance the proposed, new quotation spread parameters.

Under this proposal, NASDAQ recognizes that certain options series present special challenges for Market Makers, due to nontraditional terms. Accordingly, NASDAQ proposes that Quarterly Option Series, adjusted option series, and any option series until the time to expiration for such series is less than nine months be treated differently. Specifically, under this proposal, Market Makers shall not be subject to the continuous quoting obligation in Section 6(d) of NOM rules in any Quarterly Option Series, any adjusted option series,[15] and any option series until the time to expiration for such series is less than nine months. Accordingly, the requirement to make two-sided markets set forth in 5(a)(i) of NOM Rules shall not apply to Market Makers respecting Quarterly Option Series, adjusted option series, and series with an expiration of nine months or greater.

In addition, if a technical failure or limitation of a system of the Exchange prevents a Market Maker from maintaining, or prevents a Market Maker from communicating to NOM, timely and accurate quotes, the duration of such failure or limitation shall not be included in any of the calculations under this subparagraph (i) with respect to the affected quotes.

As a whole, the proposed amendments are intended to improve the quality of NOM markets, while carefully considering the important role of Market Makers in the NOM marketplace. Adopting quotation spread parameters and requiring registration across the series of an option are intended to encourage market making in more series; at the same time, NASDAQ recognizes the need to balance these new, more burdensome obligations with a lower series quoting percentage requirement. This balance of obligations should help to make the market better for all participants. NASDAQ believes that it has crafted a reasonable balance in this proposal.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[16] in general, and furthers the objectives of Section 6(b)(5) of the Act[17] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanisms 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 proposal is appropriate and reasonable for Market Makers, similar to the rules of other options exchanges (as specified below) and should, at the same time, enhance the quality of the Exchange's options markets.

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, as amended.

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

Because the foregoing proposed rule change does not:

(i) Significantly affect the protection of investors or the public interest;

(ii) Impose any significant burden on competition; and

(iii) 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

[10] *See* NOM Rules, Chapter VII, Section 3(a).

[11] *See* proposed NOM Rules, Chapter VII, Section 6(d)(i)(2).

[12] *See* proposed NOM Rules, Chapter VII, Section 6(d)(ii).

[13] For example, on a normal trading day, which lasts 390 minutes (from 9:30 a.m. to 4 p.m.), quoting in a series would need to be maintained for the total of at least 351 minutes in order to meet the 90%-of-the-trading-day threshold. In a shortened trading session, the total number of minutes the quote must be maintained would be lowered proportionately (and the same percentage threshold would apply).

[14] Any such higher percentage would involve an appropriate advance announcement, which would then be available on the Exchange's Web site. In the illustration above, if the Exchange set the threshold, for example, at 99% (rather than 90%), then on a normal trading day, quoting would need to be maintained for 386 (rather than 351) minutes out of the total of 390 minutes.

[15] For these purposes, an adjusted option series is an option series wherein one option contract in the series represents the delivery of other than 100 shares of underlying stock or Exchange-Traded Fund Shares.

[16] 15 U.S.C. 78f(b).

[17] 15 U.S.C. 78f(b)(5).

Act[18] and Rule 19b–4(f)(6) thereunder.[19]

In particular, NASDAQ notes that the proposed rule change is similar to the rules of other options exchanges in a variety of ways. With respect to registration by series, most options exchanges require registration by option (also called underlying).[20] With respect to quotation spread parameters, most options exchanges currently impose such parameters on market makers; some options exchanges have a $5 wide requirement for electronic quotes,[21] while others impose $5 wide parameter in certain situations and narrower parameters in other situations, usually related to the opening and the particular market making category.[22] With respect to the quotation requirement and exception for certain series, the proposal is identical to Phlx Rule 1014(b)(ii)(D)(1) respecting the 60% of series, 90% of the trading day requirement, except certain series.[23]

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–NASDAQ–2011–036 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–2011–036. 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 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–2011–036 and should be submitted on or before April 5, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[24]

Cathy H. Ahn,

Deputy Secretary.

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[18] 15 U.S.C. 78s(b)(3)(A).

[19] 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. The Exchange previously filed its proposal under Section 19(b)(2) of the Act but subsequently withdrew that proposal and refiled under Section 19(b)(3)(A). *See* Securities Exchange Act Release No. 63815 (February 1, 2011), 76 FR 6646 (February 7, 2011) (SR–NASDAQ–2011–012).

[20] *See* NYSEArca Rule 6.35(d) and Phlx Rule 507(b). ISE appoints by class and group. *See* ISE Rules 100(a)(6) and 802.

[21] *See* NYSEAmex Rule 925NY(b)(5), which is similar, but not identical, because trading auctions on the NYSE Amex's floor-based exchange are excluded from its rule.

[22] *See* Phlx Rule 1014(c)(i)(A)(1)(a) and (c)(i)(A)(2) and ISE Rule 803(b)(4).

[23] Phlx Rule 1014(b)(ii)(D)(1) and (4). Securities Exchange Act Release No. 60084 (June 10, 2009) (SR–Phlx–2009–37); *see also* Securities Exchange Act Release No. 57186 (January 22, 2008), 73 FR 4931 (January 28, 2008) (approving SR–NYSEArca–2007–121).

[24] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–64065; File No. SR–NSCC–2011–01]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Modification of Trade Recording Fee for Bonds and Other Technical Rule Changes

March 9, 2011.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),[1] notice is hereby given that on February 28, 2011, the National Securities Clearing Corporation ("NSCC") 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 NSCC. NSCC filed the proposed rule change pursuant to Sections 19(b)(3)(A)(ii) and 19(b)(3)(A)(iii) of the Act[2] and Rules 19b–4(f)(2) and 19b–4(f)(4) thereunder[3] 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 amends Addendum A of the NSCC Rules & Procedures to modify NSCC's fee schedule and to clarify the scope of trade recording fees and the computation of clearance activity fees.

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

In its filing with the Commission, NSCC 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. NSCC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78s(b)(3)(A)(ii) and 15 U.S.C. 78s(b)(3)(A)(iii).

[3] 17 CFR 240.19b–4(f)(2) and 17 CFR 240.19b–4(f)(4).