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

Through this filing, the Exchange is proposing to alter its schedule of fees for Participants to repeal the Trade Processing Fee credit currently paid to institutional brokers. The Trade Processing Fee credit is a credit paid to CHX institutional brokers based upon the amount of Trade Processing Fees\(^5\) collected by the Exchange from the parties to a non-tape, clearing-only submission.

Currently, the Fee Schedule provides for a Trade Processing Fee credit of 4% per side of the Trade Processing Fees received by the Exchange paid to the originating broker, plus 12% of the Trade Processing Fees received by the Exchange paid to the broker of credit, for the portion(s) of the transaction handled by the broker of credit. The Exchange proposes to eliminate the Trade Processing Fee credit currently paid to institutional brokers while retaining the Trade Processing Fee charge to Participants for this service. The Exchange plans, under a different rule filing, to propose rules relating to non-tape, clearing-only submissions and does not believe that it is appropriate to consider providing credits associated with Trade Processing Fees until these rules have been submitted to, and approved by, the Commission.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act\(^6\), in general, and furthers the objectives of Section 6(b)(4) of the Act\(^7\) in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members. The Exchange plans, under a different rule filing, to propose rules relating to non-tape, clearing-only submissions and does not believe that it is appropriate to consider providing credits associated with Trade Processing Fees until these rules have been submitted to, and approved by, the Commission.

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.

C. Self-Regulatory Organization’s Statement on Comments Regarding 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)(ii) of the Act\(^8\) and subparagraph (f)(2) of Rule 19b–4 thereunder\(^9\) because it establishes or changes a due, fee, or other charge applicable only to a member imposed by the self-regulatory organization. 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 change 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:

- Use the Commission’s Internet comment form (http://www.sec.gov/rules/sro.shtml);
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR–CHX–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–CHX–2011–02.

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Pilot Period of the Trading Pause for Individual Stocks Contained in the Standard & Poor’s 500 Index, Russell 1000 Index, and Specified Exchange Traded Products That Experience a Price Change of 10% or More During a Five-Minute Period

April 4, 2011.

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

\(^5\) Section E.7. of the CHX Schedule of Fees and Assessments.
concludes that the transaction price resulted in exclusion of a transaction price from use if it results in abnormal price movements. Nasdaq can delay trading in that security until trading has resumed on the primary listing market or notice has been received from the primary listing market that trading may resume. If the primary listing market does not reopen within 10 minutes of notification of a trading pause, Nasdaq may resume trading the security.

The provisions of this paragraph shall only apply to securities in the Standard & Poor’s 500 Index, the Russell 1000 Index, as well as a pilot list of Exchange Traded Products. The provisions of this paragraph shall be in effect during a pilot set to end on the earlier of August 11, 2011 or the date on which a limit up/limit down mechanism to address extraordinary market volatility, if adopted, applies.

The text of the proposed rule change is below. Proposed new language is italicized; deleted language is in brackets.

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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 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 aspects of such statements.

1. Purpose


The rules require the Listing Markets4 to issue five-minute trading pauses for individual securities for which they are the primary Listing Market if the transaction price of the security moves ten percent or more from a price in the preceding five-minute period. The Listing Markets are required to notify the other Exchanges and market participants of the imposition of a trading pause by immediately disseminating a special indicator over the consolidated tape. Under the rules, once the Listing Market issues a trading pause, the other Exchanges are required to pause trading in the security on their markets.

On September 10, 2010, the Commission approved the respective rule filings of the Exchanges to expand application of the Pilot to the Russell 1000® Index and specified Exchange Traded Products.3 On December 7, 2010, the Exchange filed an immediately effective filing to extend the existing pilot program for four months, so that the pilot would expire on April 11, 2011.6

The Exchange believes that the pilot program has been successful in reducing the negative impacts of sudden, unanticipated price movements in the securities covered by the pilot. The Exchange also believes that an additional four month extension of the pilot is warranted so that it may continue to assess whether circuit breakers are the best means to reduce the negative impacts of sudden, unanticipated price movements or whether alternative mechanisms would be more effective in achieving this goal. In this regard, the Exchange notes that the Exchanges are developing a “limit up/limit down” mechanism to reduce the negative impacts of sudden, unanticipated price movements in securities traded on the Exchanges. As such, the proposed extension may be shorter in duration should the Exchange adopt a limit up/limit down mechanism to address extraordinary market volatility. Accordingly, the Exchange is filing to further extend the pilot program until the earlier of August 11, 2011 or the date on which a limit up/limit down mechanism to address extraordinary market volatility, if adopted, applies.

2. Statutory Basis

The statutory basis for the proposed rule change is Section 6(b)(5) of the Securities Exchange Act of 1934 (the “Act”),2 which requires the rules of an

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exchange 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 proposed rule change also is designed to support the principles of Section 11A(a)(1) of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that the proposed rule meets these requirements in that it promotes transparency and uniformity across markets concerning decisions to pause trading in a security when there are significant price movements.

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

The Exchange 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 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 change 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, as amended, 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–2011–042 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–2011–042, and should be submitted on or before April 29, 2011.

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

Cathy H. Ahn,
Deputy Secretary.

[PR Doc. 2011–4374 Filed 4–7–11; 8:45 am]

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Pilot Period of the Trading Pause for Individual Stocks Contained in the Standard & Poor’s 500 Index, Russell 1000 Index, and Specified Exchange Traded Products That Experience a Price Change of 10% or More During a Five-Minute Period

April 4, 2011.


12 Id.
13 Id.