

procedures will no longer permit deliveries for stock loans (designated in the Service Guide as Reason Code 10), stock loan returns (Reason Code 20), The Options Clearing Corporation (“OCC”) stock loans (reason code 260), OCC stock loan returns (reason code 270), American Depository Receipt (“ADR”) stock loans (reason code 280), and ADR stock loan returns (reason code 290) to be completed from turnaround shares when an MSEG deficit exists.⁶

The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended, (“Act”) and the rules and regulations thereunder applicable to DTC because it modifies a service of DTC so that it enables participants to better protect customer fully-paid and excess margin securities which are held at DTC and in general, protects investors and the public interest.

In addition, the proposed rule change is consistent with the CPSS-IOSCO Recommendations for securities settlement systems (“Recommendations”). Recommendation 12, “Protection of Customers’ Securities,” states, *in relevant part*: “Entities holding securities in custody should employ accounting practices and safekeeping procedures that fully protect customer’s securities.” Section 3.61 of this Recommendation includes the statement that “one way that a customer can be protected in the event of a custodian’s insolvency is through segregation (identification) of customer securities on the books of the custodian (and of all subcustodians, and ultimately, the CSD [Central Securities Depository]).” The term “custodian” in this context would refer to the participant and not to DTC as we, DTC, understand the Recommendations. DTC neither takes direct responsibility, as the CSD, for the designation of assets as customer assets nor is it required to do so by law or regulation. However, DTC accommodates the needs of its participants to segregate (identify) customer securities by identifying mechanisms such as MSEG. The MSEG proposal is, accordingly, consistent with this Recommendation to the extent it applies to DTC. The change will reduce the risk of unintended delivery by broker-dealer participants of customer securities, which might otherwise be deemed to be contrary to the Customer Protection Rule.

⁶ The proposed change will also eliminate references in the Settlement Service Guide that MSEG-related functions are processed through the Participant Terminal System (PTS), as participants may currently use various platforms to communicate with DTC.

(B) Self-Regulatory Organization’s Statement on Burden on Competition

DTC does not believe that the proposed rule change would impose any burden on competition.

(C) Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments relating to the proposed rule change have not been solicited or received. DTC will notify the Commission of any written comments received by DTC.

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

Within forty-five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove the proposed rule change or
- (B) Institute proceedings to determine whether the proposed rule change should be 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-DTC-2011-05 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 submission should refer to File Number SR-DTC-2011-05. 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 Section, 100 F Street, NE., Washington, DC 20549-1090, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filings will also be available for inspection and copying at the principal office of DTC and on DTC’s Web site at http://www.dtcc.com/downloads/legal/rule_filings/2011/dtc/2011-05.pdf. 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-DTC-2011-05 and should be submitted on or before May 25, 2011.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.⁷

Cathy H. Ahn,
Deputy Secretary.

[FR Doc. 2011-10806 Filed 5-3-11; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-64359; File No. SR-ISE-2011-27]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Permit the Listing of Series With \$0.50 and \$1 Strike Price Increments on Certain Options Used To Calculate Volatility Indexes

April 28, 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 April 26, 2011, the International Securities Exchange, LLC (the “Exchange” or “ISE”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 rules to permit the listing of strike prices in \$0.50 intervals where the strike price is less than \$75, and strike prices in \$1.00 intervals where the strike price is between \$75 and \$150 for option series used to calculate volatility indexes. The text of the proposed rule change is available on the Exchange's Web site <http://www.ise.com>, at the principal office of the Exchange, 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, 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 self-regulatory organization 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 this proposed rule change is to permit the Exchange to list strike prices in \$0.50 intervals where the strike price is less than \$75, and strike prices in \$1.00 intervals where the strike price is between \$75 and \$150 for option series used to calculate volatility indexes. This proposal is based on a recently filed rule change by NYSE Arca, Inc. ("NYSE Arca") and NYSE Amex LLC ("NYSE Amex").³

To effect this change, the Exchange is proposing to add new Supplementary Material .11 to ISE Rule 504. The new provision will permit the listing of strike prices in \$0.50 intervals where the strike price is less than \$75, and strike prices in \$1.00 intervals where the strike price is between \$75 and \$150

³ See SR-NYSEArca-2011-19 and SR-NYSEAmex-2011-26. In its filing, NYSE Arca and NYSE AMEX cite to the Commission's approval of a recent filing by the Chicago Board Options Exchange ("CBOE").

for option series used to calculate volatility indexes.⁴

Volatility indexes are calculated and disseminated by the CBOE, which also list options on the resulting index. At this time, ISE has no intention of listing volatility options, and will not be selecting options in any equity securities, Exchange-Traded Fund Shares, Trust Issued Receipts, Exchange Traded Notes, Index-Linked Securities, or indexes to be the basis of a volatility index.

To the extent that the CBOE or another exchange selects a multiply listed product as the basis of a volatility index, proposed Supplementary Material .11 would permit ISE to list and compete in all series listed by the CBOE for purposes of calculating a volatility index.

ISE has analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority have the necessary systems capacity to handle the additional traffic associated with the listing of strike prices in \$0.50 intervals where the strike price is less than \$75, and strike prices in \$1.00 intervals where the strike price is between \$75 and \$150 for option series used to calculate volatility indexes in securities selected by the CBOE.

2. Statutory Basis

The basis under the Securities Exchange Act of 1934 ("Exchange Act") for this proposed rule change is the requirement under Section 6(b)(5) that an exchange have rules that are designed to promote just and equitable principles of trade, and to remove impediments to and perfect the mechanism for 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 will allow the Exchange to offer a full range of all available option series in a given class, including those selected by other exchanges to be the basis of a volatility index. While this proposal will generate additional quote traffic, the Exchange does not believe that this increased traffic will become unmanageable since the proposal is restricted to a limited number of classes. Further, the Exchange does not believe that the

⁴ For example, CBOE calculates the CBOE Gold ETF Volatility Index ("GVZ"), which is based on the VIX methodology applied to options on the SPDR Gold Trust ("GLD"). The current filing would permit \$0.50 strike price intervals for GLD options where the strike price is \$75 or less. ISE is currently permitted to list strike prices in \$1 intervals for GLD options (where the strike price is \$200 or less), as well as for other exchange-traded fund options. See ISE Rule 504.

proposal will result in a material proliferation of additional series because it is restricted to a limited number of classes.

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

The proposed rule change does not 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 on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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 Act⁵ and Rule 19b-4(f)(6) thereunder.⁶

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 proposal is substantially similar to that of another exchange that has been approved by the Commission.⁷ Therefore, the Commission designates the proposal operative upon filing.⁸

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

⁵ 15 U.S.C. 78s(b)(3)(A).

⁶ 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 Exchange has satisfied the five-day pre-filing requirement.

⁷ See Exchange Act Release No. 64189 (April 5, 2011), 76 FR 20066 (April 11, 2011) (SR-CBOE-2011-008).

⁸ 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).

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-ISE-2011-27 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-ISE-2011-27. 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 should refer to File Number SR-ISE-2011-27 and should be submitted on or before May 25, 2011.

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

Cathy H. Ahn,

Deputy Secretary.

[FR Doc. 2011-10805 Filed 5-3-11; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-64354; File No. SR-CBOE-2011-041]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of Proposed Rule Change Establishing Qualified Contingent Cross Orders

April 27, 2011.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that, on April 18, 2011, the Chicago Board Options Exchange, Incorporated ("Exchange" or "CBOE") 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 is proposing rules to create a new order type referred to as a qualified contingent cross order ("QCC Order"). The text of the rule proposal is available on the Exchange's Web site (<http://www.cboe.org/legal>), at the Exchange's Office of the Secretary and at the Commissions 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, 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 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 International Securities Exchange, LLC ("ISE") recently received Commission approval of a proposed rule change which adopted a qualified contingent cross order type (the "ISE Proposal"). CBOE has opposed the ISE Proposal, but believes we now need to adopt rules to introduce a similar order type for competitive reasons, as indicated in our qualified contingent order briefs and comment letters responding to the ISE Proposal.³ Therefore, CBOE is proposing to adopt rules related to a new QCC Order type.

Background

The Exchange is currently a party to the Options Order Protection and Locked/Crossed Market Plan ("Distributive Linkage Plan"),⁴ and has implemented Exchange rules in conjunction with that plan (the "Distributive Linkage Rules").⁵ Similar to Regulation NMS under the Act, the Distributive Linkage Plan requires,

³ ISE first proposed to adopt a qualified contingent cross order type through SR-ISE-2009-35. This proposal was approved by the Commission's Division of Trading and Markets (the "Division") pursuant to delegated authority on August 28, 2009, Securities Exchange Act Release No. 60584 (August 28, 2009), 74 FR 45663 (September 3, 2009) (SR-ISE-2009-35), but this approval was stayed by a CBOE petition seeking full Commission review. See Letters from Joanne Moffic-Silver, General Counsel and Corporate Secretary, CBOE, dated September 4 and 14, 2009. ISE thereafter submitted its modified rule change, SR-ISE-2010-73, and a letter requesting that the Commission vacate the Division's approval of SR-ISE-2009-35 simultaneous with the approval of SR-ISE-2010-73. CBOE submitted numerous letters objecting to ISE's original and modified qualified contingent cross proposals, however, the Commission approved SR-ISE-2010-73 and set aside SR-ISE-2009-35 on February 24, 2011. See Securities Exchange Act Release Nos. 62523 (July 16, 2010), 75 FR 43211 (July 23, 2010) (SR-ISE-2010-73) (ISE Proposal), 63955 (February 24, 2011) (SR-ISE-2010-73) (ISE Approval), and 69354 (February 24, 2011) (SR-ISE-2009-35); see also, e.g., CBOE comment letters and materials dated July 16, 2009, September 4, 2009, September 14, 2009, September 17, 2009, December 3, 2009, January 20, 2010, April 7, 2010, and April 9, 2010, which can be viewed at the following links: <http://www.sec.gov/comments/sr-ise-2009-35/ise200935.shtml#notice>; <http://www.sec.gov/rules/sro/ise/isearchive/isearchive2009.shtml#SR-ISE-2009-35>; and <http://www.sec.gov/comments/sr-ise-2010-73/ise201073.shtml>. As a result, CBOE is submitting the instant rule change proposal as a competitive response to SR-ISE-2010-73.

⁴ See Securities Exchange Act Release No. 60405 (July 30, 2009), 74 FR 39362 (August 6, 2009) (File No. 4-546).

⁵ See Securities Exchange Act Release No. 60551 (August 20, 2009), 74 FR 43196 (August 26, 2009) (SR-CBOE-2009-040).

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.