

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: (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, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>5</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>6</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>7</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>8</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii).<sup>9</sup> The Exchange has requested such waiver because it believes that such waiver is consistent with the protection of investors and the public interest because it would permit EDGA to immediately provide the information regarding the EDGA Book Feed access requirements to market participants. Specifically, the Exchange believes that, because the EDGA Book Feed is already available, strictly voluntary, and free to receive, waiver is consistent with the protection of investors and the public interest. For these reasons, the Commission sees no reason to delay implementation of the proposed rule change. The Commission believes it is consistent with the protection of investors and the public interest to waive the 30-day operative delay, and hereby grants such waiver.<sup>10</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.

<sup>5</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>6</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>7</sup> 17 CFR 240.19b-4(f)(6).

<sup>8</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>9</sup> *Id.*

<sup>10</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule change's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

### 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-EDGA-2011-19 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-EDGA-2011-19. 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 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 offices 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-EDGA-2011-19, and should be submitted on or before July 28, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

Cathy H. Ahn,

*Deputy Secretary.*

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### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-64780; File No. SR-NYSEArca-2011-40]

#### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Certain Rules and Adding New Rules so That They Remain Substantially Similar to Corresponding Financial Industry Regulatory Authority Rules in Accordance With a Rule 17d-2 Agreement

June 30, 2011.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on June 20, 2011, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") 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 the self-regulatory organization. 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 certain rules and add new rules so that they remain substantially similar to corresponding Financial Industry Regulatory Authority ("FINRA") rules in accordance with a Rule 17d-2 agreement between the two self-regulatory organizations. The text of the proposed rule change is available at the Exchange, the Commission's Public Reference Room, and <http://www.nyse.com>.

#### 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,

<sup>11</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. 78a.

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

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 Statutory Basis for, the Proposed Rule Change*

1. Purpose

The Exchange proposes to amend certain rules and add new rules so that they remain substantially similar to corresponding FINRA<sup>4</sup> rules for purposes of a Rule 17d-2 agreement between the two SROs.<sup>5</sup>

Background

SEC Rule 17d-2<sup>6</sup> permits SROs to propose joint plans for the allocation of regulatory responsibilities, other than financial responsibility rules, with respect to their common members. Under paragraph (c) of Rule 17d-2, the Commission may declare such a plan effective if, after providing for appropriate notice and comment, it determines that the plan is necessary or appropriate in the public interest and for the protection of investors, to foster cooperation and coordination among the SROs, to remove impediments to, and foster the development of, a national market system and a national clearance and settlement system, and is in conformity with the factors set forth in Section 17(d) of the Securities Exchange Act of 1934, as amended (the "Act"). Upon effectiveness of a plan filed pursuant to Rule 17d-2, an SRO is relieved of those regulatory responsibilities for common members that are allocated by the plan to another SRO.

The Commission has issued an order granting approval and declaring effective a plan filed by NYSE Arca and NASD (together the "Parties") dated February 9, 2007 ("the Plan") under which regulatory responsibility for Common Rules is allocated to NASD.<sup>7</sup>

<sup>4</sup> FINRA was formerly known as the National Association of Securities Dealers, Inc. or "NASD" and is the successor entity with respect to the Rule 17d-2 agreement discussed herein.

<sup>5</sup> See Securities Exchange Act Release No. 55505 (March 22, 2007), 72 FR 14628 (March 28, 2007).

<sup>6</sup> See 17 CFR 240.17d-2.

<sup>7</sup> See Securities Exchange Act Release No. 55505 (March 22, 2007), 72 FR 14628 (March 28, 2007). The Parties first entered into a Rule 17d-2 agreement in 1977, which thereafter was amended several times. See Securities Exchange Act Release No. 54394 (August 31, 2006), 71 FR 52827 n. 14 (September 7, 2006) ("2006 Release").

"Common Rules" are defined as NYSE Arca Equities rules that are substantially similar to NASD rules in that NYSE Arca's rule would not require NASD to develop one or more new examination standards, modules, procedures, or criteria in order to analyze the application of the rule, or a dual member's activity, conduct or output in relation to such rule. The Plan includes an attachment, "NYSE Arca Rules Certification for 17d-2 Agreement with NASD," that lists Common Rules.

Proposed Rule Change

In accordance with Paragraph 2 of the Plan, the Exchange has undertaken a review of the Common Rules. In order to maintain the current list of Common Rules under the Plan, the Exchange proposes to amend certain its rules or add new NYSE Arca Equities rules so that they remain substantially similar to corresponding FINRA rules as described below.<sup>8</sup>

NYSE Arca Equities Rule 2.21(a) and (i) would be amended to delete references to filing paper registration forms for registration categories not available electronically on CRD because such categories no longer exist and thus all NYSE Arca Equities registration forms are filed electronically, as is the case with FINRA registrations pursuant to FINRA Rule 1010(c). NYSE Arca Equities Rule 2.21(i) also would be amended to change the period for filing Form U5 from 10 to 30 days to conform it with FINRA's Form U5 filing period in Article VI, Section 3(a) of FINRA's Bylaws.

NYSE Arca Equities Rule 2.21(d)(1)(B) would be amended to delete references to any discretion for NYSE Arca with respect to compliance with continuing education requirements to be consistent with NASD Rule 1120.

NYSE Arca Equities Rule 2.21(e), which concerns outside business activities, would be deleted and the text of FINRA Rule 3270 would be adopted as new NYSE Arca Equities Rule 3270.<sup>9</sup>

NYSE Arca Equities Rules 2.21(g) and (h), which concerns gifts and gratuities, would be deleted and the text of FINRA Rule 3220 would be adopted as new NYSE Arca Equities Rule 3220.

<sup>8</sup> Because the Parties will only be adding to, deleting from, or confirming changes to NYSE Arca rules in the Certification in conformance with the definition of Common Rules, the modifications to the Certification need not be filed with the Commission as an amendment to the Plan. See 2006 Release at 52829. If the Commission approves [sic] the proposed rule change, NYSE Arca will submit the updated list of Common Rules to FINRA for its confirmation in accordance with the Plan.

<sup>9</sup> NYSE Arca Equities rule numbers that would no longer be used would be marked "Reserved."

NYSE Arca Equities Rule 2.21(j) would be amended to remove the requirement for approval of officers, for which FINRA does not have a corresponding requirement, and to remove an outdated reference to a change in continuing education requirements.

NYSE Arca Equities Rule 6.6, which addresses frontrunning block transactions, would be amended to change the number of shares that would trigger application of the Rule from 5,000 to 10,000 shares to make it consistent with FINRA's requirements under NASD IM-2110-3.

NYSE Arca Equities Rule 6.16, which addresses trading ahead of customer orders, would be deleted and the text of NASD IM-2110-2 would be inserted in that Rule. The Exchange would also add new NYSE Arca Equities Rule 6.16A, which would insert the text of NASD Rule 2111, which concerns trading ahead of customer market orders.<sup>10</sup>

NYSE Arca Equities Rule 9.1(a), which concerns an ETP Holder's registration, would be amended to conform it with Article IV, Section 1(c) of FINRA's By-Law, which requires that a member's registration to be kept current by supplementary amendments.

NYSE Arca Equities Rules 9.1(f) and 9.10, which concern sharing in customer accounts and assumption of customer losses, would be deleted and the text of FINRA Rule 2150 would be adopted as new NYSE Arca Equities Rule 2150.

NYSE Arca Equities Rule 9.15, which concerns customer account statements, would be deleted and the text of NASD Rule 2340(a) and (b) and the relevant definitions from paragraph (d) of that Rule would be adopted as new NYSE Arca Equities Rule 9.15.

NYSE Arca Equities Rules 9.21(a) through 9.25, which concern advertising and sales literature, would be deleted and the text of NASD Rule 2210 would be adopted as new NYSE Arca Equities Rule 9.21.

The Exchange would also adopt FINRA Rule 2010, which concerns

<sup>10</sup> The SEC has approved FINRA Rule 5320, which harmonizes NASD IM-2110-2 and NASD Rule 2111 with New York Stock Exchange LLC ("NYSE") Rule 92. See Securities Exchange Act Release No. 63895 (February 11, 2011), 76 FR 9386 (February 17, 2011) (SR-FINRA-2009-090). The anticipated implementation date of FINRA Rule 5320 is September 12, 2011. See FINRA Regulatory Notice 11-24 (May 12, 2011). The Exchange, along with its affiliates, NYSE and NYSE Amex LLC, will be submitting a rule filing to adopt the text of FINRA Rule 5320 as part of its rules and implement the change concurrently with FINRA. The proposed amendment to NYSE Arca Equities Rule 6.16 and the addition of Rule 6.16A will serve to harmonize NYSE Arca Equities' requirements with FINRA's requirements in the interim period until the September 12, 2011 implementation.

standards of commercial honor and just and equitable principles of trade, and FINRA Rule 2020, which concerns the use of manipulative, deceptive, or other fraudulent devices, as NYSE Arca Equities Rules 2010 and 2020, respectively.

Finally, the Exchange proposes certain non-substantive technical changes. For consistency with Exchange rules, the Exchange proposes to change all references from "members" to "ETP Holders" and from "Pacific Exchange" to "NYSE Arca" and to cross-reference to its own rules where appropriate, rather than NASD or FINRA rules.<sup>11</sup> Finally, the Exchange has determined to include references to security futures, direct participation programs, and collateralized mortgage obligations in proposed NYSE Arca Equities Rule 9.21, which concerns advertising and sales literature; although the Exchange currently does not trade such products, it has determined to maintain such references for the sake of consistency with FINRA rules.

## 2. Statutory Basis

The proposed rule change is consistent with the Act,<sup>12</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>13</sup> 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 mechanism of a free and open market and a national market system.

The Exchange believes that the proposed rule change supports the objectives of the Act by providing greater harmonization between NYSE Arca Equities Rules and FINRA Rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for dual members of both SROs. To the extent the Exchange has proposed changes that differ from the FINRA version of the rules, such changes are technical in nature and do not change the substance of the proposed NYSE Arca Equities rules.

<sup>11</sup> For example, in proposed NYSE Arca Equities Rule 6.16(a), the Exchange proposes to cross-reference proposed NYSE Arca Equities Rule 2010, rather than FINRA Rule 2010, and in proposed NYSE Arca Equities Rule 6.16A(d), the Exchange proposes to cross-reference its definition of "institutional account" in NYSE Arca Equities Rule 9.2(a)(3), which is substantially the same as FINRA's definition.

<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

## 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 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: (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 after the date of the filing, 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 Act<sup>14</sup> and Rule 19b-4(f)(6) thereunder.<sup>15</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>16</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>17</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing in order to avoid regulatory gaps between the FINRA and NYSE Arca Equities rules.

The Commission believes that waiver of the operative delay would enable the Exchange to harmonize its rules with FINRA's rules without delay to support the objectives of the Rule 17d-2 Plan, which provides that the Common Rules of NYSE Arca Equities and FINRA are to be substantially similar. The

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>15</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give 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.

<sup>16</sup> 17 CFR 240.19b-4(f)(6).

<sup>17</sup> 17 CFR 240.19b-4(f)(6)(iii).

Commission designates the proposal operative upon filing.<sup>18</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-NYSEArca-2011-40 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-2011-40. 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.,

<sup>18</sup> For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-NYSEArca-2011-40 and should be submitted on or before July 28, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**Cathy H. Ahn,**

*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-64796; File No. S7-28-11]

### Order Pursuant to Section 36 of the Securities Exchange Act of 1934 Granting Temporary Exemptions From Clearing Agency Registration Requirements Under Section 17A(b) of the Exchange Act for Entities Providing Certain Clearing Services for Security-Based Swaps

July 1, 2011.

#### I. Introduction

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”),<sup>1</sup> amends the Securities Exchange Act of 1934 (“Exchange Act”) to provide for the comprehensive regulation of security-based swaps<sup>2</sup> by the Securities

and Exchange Commission (“Commission”).<sup>3</sup> Among other things, Title VII seeks to ensure that, wherever possible and appropriate, derivatives contracts formerly traded exclusively in the over-the-counter (“OTC”) market are centrally cleared.<sup>4</sup> One of the key ways in which the Dodd-Frank Act seeks to mitigate risk in the security-based swap market is by requiring that entities that clear and settle security-based swaps be registered with the Commission. Specifically, section 763(b) of the Dodd-Frank Act adds a new section 17A(g) to the Exchange Act, which directs entities that use instrumentalities of interstate commerce to perform clearing agency functions for security-based swaps to register with the Commission.<sup>5</sup>

Section 763(b) of the Dodd-Frank Act also directs the Commission, by adding new sections 17A(i) and (j) of the Exchange Act, to adopt rules for the implementation of the registration requirement in new section 17A(g). The Title VII amendments for which rules are not required generally are effective on July 16, 2011 (360 days after enactment of the Dodd-Frank Act, referred to herein as the “Effective Date”). Provisions that require rules for implementation become effective not less than 60 days after publication of the related final rule or on July 16, 2011, whichever is later.<sup>6</sup>

Section 17A(j) of the Exchange Act requires the Commission to adopt rules governing persons that are registered as clearing agencies for security-based swaps under the Exchange Act.<sup>7</sup> Section 17A(i) of the Exchange Act provides that, to be registered and to maintain

registration as a clearing agency that clears security-based swap transactions, a clearing agency must comply with such standards as the Commission may establish by rule.<sup>8</sup> Consistent with these provisions, as well as provisions in Title VIII of the Dodd-Frank Act,<sup>9</sup> the Commission on March 3, 2011 proposed rules regarding registration of clearing agencies and the operation and governance of clearing agencies, including clearing agencies that clear security-based swaps.<sup>10</sup> Pursuant to section 774 of the Dodd-Frank Act, discussed above, compliance with section 17A(g) of the Exchange Act will not be required as of the Effective Date because sections 17A(i) and (j) require rulemaking to implement the registration requirement pursuant to section 17A(g) of clearing agencies that clear security-based swap transactions.<sup>11</sup> Instead compliance with section 17A(g) of the Exchange Act will be required not less than 60 days after the publication of final rules relating to registration of clearing agencies that clear security-based swaps pursuant to sections 17A(i) and (j) of the Exchange Act.

In contrast to section 17A(g) of the Exchange Act, the registration requirement of section 17A(b) of the Exchange Act, which applies to all clearing agencies, will apply to security-based swap clearing agencies when the provision of the Dodd-Frank Act that amends the definition of “security” under the Exchange Act to include security-based swaps becomes effective, *i.e.*, on the Effective Date.<sup>12</sup>

<sup>8</sup> *Id.*

<sup>9</sup> Title VIII of the Dodd-Frank Act, entitled the Payment, Clearing, and Settlement Supervision Act of 2010 (“Clearing Supervision Act”), establishes an enhanced supervisory and risk control system for systemically important clearing agencies and other financial market utilities (“FMUs”). It provides that the Commission may prescribe regulations containing risk management standards, taking into consideration relevant international standards and existing prudential requirements, for any designated clearing entities it regulates. *See* section 805(a)(2) of the Clearing Supervision Act. Those regulations may govern: “(A) the operations related to payment, clearing, and settlement activities of such designated clearing entities; and (B) the conduct of designated activities by such financial institutions.” 12 U.S.C. 5464(a)(2).

<sup>10</sup> Securities Exchange Act Release No. 64017 (March 3, 2011), 76 FR 14472 (March 16, 2011) (File No. S7-08-11) (the “Clearing Agency Proposing Release”).

<sup>11</sup> Securities Exchange Act Release No. 64678 (June 15, 2011) 76 FR 36287 (June 22, 2011) (File No. S7-24-11) (Temporary Exemptions and Other Temporary Relief, Together With Information on Compliance Dates for New Provisions of the Securities Exchange Act of 1934 Applicable to Security-Based Swaps).

<sup>12</sup> *See* section 761(a)(2) of the Dodd-Frank Act (amending section 3(a)(10) of the Exchange Act, 15 U.S.C. 78c(a)(10)).

(April 29, 2011), 76 FR 32880 (June 7, 2011) (proposing product definitions contained in Title VII of the Dodd-Frank Act).

<sup>3</sup> Section 761(a)(2) of the Dodd-Frank Act includes security-based swaps in the definition of “security” in section 3(a)(10) of the Exchange Act, 15 U.S.C. 78c. *See also* section 768(a)(1) of the Dodd-Frank Act (amending section 2(a)(1) of the Securities Act of 1933, 15 U.S.C. 77b(a)(1), to include security-based swaps in the definition of “security”).

<sup>4</sup> *See, e.g.*, Report of the Senate Committee on Banking, Housing, and Urban Affairs regarding The Restoring American Financial Stability Act of 2010, S. Rep. No. 111-176 at 34 (stating that “[s]ome parts of the OTC market may not be suitable for clearing and exchange trading due to individual business needs of certain users. Those users should retain the ability to engage in customized, uncleared contracts while bringing in as much of the OTC market under the centrally cleared and exchange-traded framework as possible.”).

<sup>5</sup> Public Law 111-203 § 763(b).

<sup>6</sup> *See* section 774 of the Dodd-Frank Act, 15 U.S.C. 77b note. *See also* Exchange Act Release No. 64678 (June 15, 2011), granting temporary exemptions and other temporary relief, together with information on compliance dates for new provisions of the Exchange Act applicable to security-based swaps.

<sup>7</sup> Public Law 111-203 § 763(b).

<sup>19</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> Public Law 111-203.

<sup>2</sup> Section 761(a)(6) of the Dodd-Frank Act defines a “security-based swap” as any agreement, contract, or transaction that is a “swap,” as defined in section 1a(47) of the Commodity Exchange Act, 7 U.S.C. 1a(47), that is based on an index that is a narrow-based security index, a single security, or a loan, including any interest therein or on the value thereof; or the occurrence, nonoccurrence, or extent of the occurrence of an event relating to a single issuer of a security or the issuers of securities in a narrow-based security index, provided that such event directly affects the financial statements, financial condition, or financial obligations of the issuer. *See* section 3(a)(68) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. 78c(a)(68) (as added by section 761(a)(6) of the Dodd-Frank Act). Section 712(d) of the Dodd-Frank Act provides that the Commission and the Commodity Futures Trading Commission (“CFTC”), in consultation with the Board of Governors of the Federal Reserve System, shall, among other things, jointly further define the terms “swap” and “security-based swap.” *See* SEC Release No. 9204