

For the Commission, by the Division of Investment Management, under delegated authority.

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2011-32922 Filed 12-22-11; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[File No.: 801-68894; Investment Advisers Act of 1940 Release No. 3340]

In the Matter of Royal Oak Capital Management, LLC, 6173 Bellevue Road, Royal Oak, MD 21662; Notice of Intention To Cancel Registration Pursuant to Section 203(H) of the Investment Advisers Act of 1940

December 19, 2011.

Notice is given that the Securities and Exchange Commission (the "Commission") intends to issue an order, pursuant to Section 203(h) of the Investment Advisers Act of 1940 (the "Act"), cancelling the registration of Royal Oak Capital Management, LLC, hereinafter referred to as the registrant.

Section 203(h) provides, in pertinent part, that if the Commission finds that any person registered under Section 203, or who has pending an application for registration filed under that section, is no longer in existence, is not engaged in business as an investment adviser, or is prohibited from registering as an investment adviser under section 203A, the Commission shall by order, cancel the registration of such person.

The registrant indicated on its most recent Form ADV filing that it is relying on section 203A(a)(1)(A) of the Act to register with the Commission, which prior to September 19, 2011 prohibited an investment adviser from registering with the Commission unless it maintained assets under management of at least \$25 million. Effective September 19, 2011, Congress increased the assets under management threshold under section 203A of the Advisers Act to prohibit an investment adviser from registering with the Commission if it is required to be registered in the state in which it maintains its principal office and place of business and has assets under management between \$25 million and \$100 million. Accordingly, an adviser currently registered with the Commission generally is required to withdraw from registration when its assets under management fall below \$90 million, unless the adviser is not required to register in the state where it

maintains its principal office and place of business.¹

The registrant is prohibited from registering as an investment adviser under section 203A of the Act because the Commission believes, based on the facts it has, that the registrant did not at the time of the Form ADV filing, and does not currently, maintain the required assets under management to remain registered with the Commission. Accordingly, the Commission believes that reasonable grounds exist for a finding that this registrant is no longer eligible to be registered with the Commission as an investment adviser and that the registration should be cancelled pursuant to section 203(h) of the Act.

Any interested person may, by January 13, 2012 at 5:30 p.m., submit to the Commission in writing a request for a hearing on the cancellation, accompanied by a statement as to the nature of his interest, the reason for such request, and the issues, if any, of fact or law proposed to be controverted, and he may request that he be notified if the Commission should order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington, DC 20549.

At any time after January 13, 2012, the Commission may issue an order cancelling the registration, upon the basis of the information stated above, unless an order for a hearing on the cancellation shall be issued upon request or upon the Commission's own motion. Persons who requested a hearing, or to be advised as to whether a hearing is ordered, will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof. Any adviser whose registration is cancelled under delegated authority may appeal that decision directly to the Commission in accordance with rules 430 and 431 of the Commission's rules of practice (17 CFR 201.430 and 431).

For further information contact: Parisa Haghshenas, at (202) 551-6787 (Office of Investment Adviser Regulation).

¹ Section 203A of the Act generally prohibits an investment adviser from registering with the Commission unless it meets certain requirements. See Advisers Act section 203A(a)(2)(B)(ii) (amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, 124 Stat. 1376 (2010)); Advisers Act rule 203A-1(a); *Rules Implementing Amendments to the Investment Advisers Act of 1940*, Investment Advisers Act Release No. 3221 (June 22, 2011), available at <http://www.sec.gov/rules/final/2011/ia-3221.pdf>.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.²

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2011-32899 Filed 12-22-11; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-66002; File No. SR-NYSEARCA-2011-94]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To List and Trade Shares of the ProShares Managed Futures Strategy Fund, ProShares Commodity Managed Futures Strategy Fund and ProShares Financial Managed Futures Strategy Fund Under NYSE Arca Equities Rule 8.200

December 19, 2011.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b-4 thereunder,³ notice is hereby given that, on December 5, 2011, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") 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 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 list and trade shares of the following under NYSE Arca Equities Rule 8.200: ProShares Managed Futures Strategy, ProShares Commodity Managed Futures Strategy and ProShares Financial Managed Futures Strategy. 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, and basis for, the proposed rule change

² 17 CFR 200.30-5(e)(2).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

NYSE Arca Equities Rule 8.200, Commentary .02 permits the trading of Trust Issued Receipts ("TIRs") either by listing or pursuant to unlisted trading privileges ("UTP").⁴ The Exchange proposes to list and trade shares ("Shares") of the following pursuant to NYSE Arca Equities Rule 8.200: ProShares Managed Futures Strategy, ProShares Commodity Managed Futures Strategy and ProShares Financial Managed Futures Strategy (each a "Fund," together, the "Funds").⁵ Each Fund is a series of the ProShares Trust II ("Trust"), a Delaware statutory trust. ProShare Capital Management LLC ("Sponsor") is the Trust's Sponsor and Wilmington Trust Company is the Trust's trustee. Brown Brothers Harriman & Co. serves as the administrator (the "Administrator"), custodian and transfer agent of the Funds. SEI Investments Distribution Co. serves as distributor of the Shares (the "Distributor").

The Exchange notes that the Commission has previously approved the listing and trading of issues of TIRs of the Trust on the American Stock Exchange LLC⁶ and on NYSE Arca.⁷ In addition, the Commission has approved other exchange-traded investment products linked to the performance of

underlying commodities and currencies.⁸

The Funds and Their Principal Investment Strategies

According to the Registration Statement, the Funds seek to provide investment results (before fees and expenses) that correspond to the performance of the S&P Dynamic Futures Index (the "DFI" or the "Index") or to a sub-index of the Index (a "Sub-Index"). The ProShares Managed Futures Strategy seeks to provide investment results (before fees and expenses) that correspond to the performance of the DFI. The ProShares Commodity Managed Futures Strategy seeks to provide investment results (before fees and expenses) that correspond to the performance of the S&P Dynamic Commodities Futures Index (the "DCFI"), a Sub-Index of the DFI. The ProShares Financial Managed Futures Strategy seeks to provide investment results (before fees and expenses) that correspond to the performance of the S&P Dynamic Financial Futures Index (the "DFFI"), another Sub-Index of the DFI.

The Index and each Sub-Index were developed by Standard & Poor's and are long/short rules-based investable indexes designed to attempt to capture the economic benefit derived from both rising and declining trends in futures prices.⁹ The Index is composed of unleveraged positions in U.S. exchange-traded futures contracts on sixteen different tangible commodities ("Commodities Futures Contracts"), as well as U.S. exchange-traded futures contracts on eight different financials, such as major currencies and U.S. Treasury securities ("Financials Futures Contracts" and together with the Commodities Futures Contracts, the "Index Components").¹⁰ Commodities

Futures Contracts and Financials Futures Contracts each comprise a Sub-Index of the Index: The DCFI and the DFFI, respectively (together, the "Sub-Indexes").

In order to achieve the investment objective of the Funds, the Sponsor will invest in: i) exchange-traded futures contracts of the type comprising the Index or Sub-Indexes, as applicable ("Futures Contracts");¹¹ and/or ii) under limited circumstances (as further described herein), swap agreements whose value is derived from the level of the Index, a Sub-Index, one or more Futures Contracts, or, in the case of currency-based Financials Futures Contracts, the exchange rates underlying such Financials Futures Contracts.¹² Each Fund may also invest in cash or cash equivalents such as U.S. Treasury securities or other high credit quality short-term fixed-income or similar securities (including shares of money market funds, bank deposits, bank money market accounts, certain variable rate-demand notes and repurchase agreements collateralized by government securities) that may serve as collateral for the Futures Contracts or swap agreements. The Sponsor does not expect that the Funds will be invested directly in any commodity or currency.

According to the Registration Statement, each Fund seeks to achieve its investment objective by investing, under normal market conditions,¹³ in exchange-traded Futures Contracts. In the event position accountability rules or position limits with respect to a Futures Contract is reached with respect to a Fund, the Sponsor may, in its commercially reasonable judgment, cause such Fund to obtain exposure through swaps whose value is derived from the level of the Index, a Sub-Index, one or more Futures Contracts, or, in the case of currency-based Financials Futures Contracts, the exchange rates underlying such Financials Futures Contracts or invest in swaps if such

division of CME), and ICE Futures U.S. ("ICE") (collectively, the "Futures Exchanges").

¹¹ Futures Contracts will be the same type of contracts as the Index Components, but the expiration dates of such Futures Contracts may differ from the expiration dates of the Index Components at any given point in time.

¹² Terms relating to the Funds and the Shares that are referred to, but not defined herein, are defined in the Registration Statement.

¹³ The term "under normal market circumstances [sic]" includes, but is not limited to, the absence of extreme volatility or trading halts in the futures markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

⁴ Commentary .02 to NYSE Arca Equities Rule 8.200 applies to TIRs that invest in "Financial Instruments". The term "Financial Instruments", as defined in Commentary .02(b)(4) to NYSE Arca Equities Rule 8.200, means any combination of investments, including cash; securities; options on securities and indices; futures contracts; options on futures contracts; forward contracts; equity caps, collars and floors; and swap agreements.

⁵ See the Trust's Registration Statement on Form S-1, dated November 29, 2011 (File No. 333-178212 ("Registration Statement")). The description of the Funds and the Shares contained herein is based, in part, on the Registration Statement.

⁶ See Securities Exchange Act Release No. 58161 (July 15, 2008), 73 FR 42380 (July 21, 2008) (SR-Amex-2008-39) (order approving American Stock Exchange listing and trading of fourteen funds of the Commodities and Currency Trust).

⁷ See Securities Exchange Act Release No. 58457 (September 3, 2008), 73 FR 52711 (September 10, 2008) (SR-NYSEArca-2008-91) (order approving Exchange listing and trading of fourteen funds of the Commodities and Currency Trust).

⁸ See, e.g., Securities Exchange Act Release Nos. 57456 (March 7, 2008), 73 FR 13599 (March 13, 2008) (SR-NYSEArca-2007-91) (order granting accelerated approval for NYSE Arca listing the iShares GS Commodity Trusts); 59895 (May 8, 2009), 74 FR 22993 (May 15, 2009) (SR-NYSEArca-2009-40) (order granting accelerated approval for NYSE Arca listing the ETFS Gold Trust); 58365 (August 14, 2008), 73 FR 49522 (August 21, 2008) (order granting accelerated approval for NYSE Arca listing of four CurrencyShares Trusts); 63598 (December 22, 2010), 75 FR 82106 (December 29, 2010) (SR-NYSEArca-2010-98) (order approving listing and trading on the Exchange of WisdomTree Managed Futures Strategy Fund).

⁹ Standard & Poor's is not a broker-dealer, is not affiliated with a broker-dealer, and has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Index and Sub-Indexes.

¹⁰ The Index Components are traded on the Chicago Mercantile Exchange, Inc. ("CME"), COMEX (a division of CME), Chicago Board of Trade ("CBOT", a division of CME), NYMEX (a

instruments tend to exhibit trading prices or returns that correlate with the Index, the Sub-Indexes or any Futures Contract and will further the investment objective of the Funds.¹⁴ The Funds may also invest in swaps if the market for a specific Futures Contract experiences emergencies (e.g., natural disaster, terrorist attack or an act of God) or disruptions (e.g., a trading halt or a flash crash) that would prevent the Funds from obtaining the appropriate amount of investment exposure to the affected Futures Contracts directly.¹⁵

The Index and the Sub-Indexes

The Index is composed of the Index Components, representing unleveraged long or short positions in U.S. exchange-traded futures contracts in the commodity and financial markets.¹⁶ These Index Components are then formed into “sectors” of one or more

contracts with similar characteristics. Index Components within each sector are chosen based on fundamental characteristics and liquidity. The Commodities Futures Contracts comprise the DCFI as described below, and the Financials Futures Contracts comprise the DFFI, as described below.

Weightings of the Commodities Futures Contracts are based on generally known world production levels, as adjusted to limit the impact of the energy sector. Weightings of the Financials Futures Contracts are based on, but not directly proportional to, gross domestic product (“GDP”).

The positions the Index (and accordingly, each Sub-Index) takes in the Index Components are not long-only, but are set by sector, long, short or, in the case of Energy, flat (zero-weight) based on the relation of the current aggregate price input of the

Index Components in a particular sector (e.g., Grains) with a seven-month weighted moving average of the aggregate price inputs of the same Index Components.

The following charts reflect the initial 2011 weighting schemes for the Index and each Sub-Index. For the Index and the DCFI, the sector weights will vary based on whether or not Energy is positioned long or flat. If Energy is flat, its weight is redistributed pro-rata among the other sectors. Since the DFFI has no commodity exposure, the weights of the sectors and the Index Components that comprise it are not impacted by the long or flat positioning of the Energy sector.

For the Index, if Energy is positioned “long,” the initial Index weights, together with information about the exchange and trading hours for each Futures Contract, are as follows:

INDEX WEIGHTS WITH ENERGY “LONG”

Sub-Index	Weight (percent)	Sector	Weight (percent)	Component	Weight (percent)	Exchange	Trading hours ¹⁷			
DCFI	50	Energy	14.12	Light Crude	10.20	NYMEX (CME)	6:00 pm–5:15 pm next day.			
				Heating Oil	1.54	NYMEX (CME)	6:00 pm–5:15 pm next day.			
				RBOB Gasoline ...	1.40	NYMEX (CME)	6:00 pm–5:15 pm next day.			
				Natural Gas	0.98	NYMEX (CME)	6:00 pm–5:15 pm next day.			
		Industrial Metals ..	5.02	Copper	5.02	COMEX (CME)	6:00 pm–5:15 pm next day.			
				Precious Metals ...	3.79	COMEX (CME)	6:00 pm–5:15 pm next day.			
		Livestock	5.27	Lean Hogs	2.04	CME	** ¹⁸			
					Live Cattle	3.23	CME	** ¹⁹		
		Grains	13.85	Corn	5.75	CBOT (CME)	7:00 pm–8:15 am; 10:30 am–2:15 pm			
					Soybeans	3.37	CBOT (CME)	7:00 pm–8:15 am; 10:30 am–2:15 pm		
				Wheat	4.73	CBOT (CME)	7:00 pm–8:15 am; 10:30 am–2:15 pm			
					Softs	7.95	Coffee	1.26	ICE	3:30 am–2:00 pm
						Cocoa	0.42	ICE	4:00 am–2:00 pm	
					Sugar	3.58	ICE	3:30 am–2:00 pm		
					Cotton	2.69	ICE	9:00 pm–2:30 pm next day.		
					DFFI	50	Australian Dollar ..	1.67	Australian Dollar ..	.....	CME .....	6:00 pm–5:15 pm next day.
		British Pound	3.08	British Pound	CME	6:00 pm–5:15 pm next day.	
Canadian Dollar ...	2.10	Canadian Dollar ...	.....	CME			6:00 pm–5:15 pm next day.		
Euro	15.67	Euro .....	.....	CME			6:00 pm–5:15 pm next day.		

¹⁴ To the extent practicable, the Funds will invest in swaps cleared through the facilities of a centralized clearing house.

¹⁵ According to the Registration Statement, the Sponsor will also attempt to mitigate the Funds’ credit risk by transacting only with large, well-capitalized institutions using measures designed to determine the creditworthiness of a counterparty.

The Sponsor will take various steps to limit counterparty credit risk, as described in the Registration Statement.

¹⁶ As set forth in the Index weighting scheme example below, the commodities portion of the Index consists of multiple commodity sectors (e.g., Energy, Industrial Metals) and each sector is assigned a percentage sector weight. Each sector, in

turn, consists of one or more components, each with an assigned component weight. Similarly, the financial markets portion of the Index consists of multiple foreign currency and U.S. Treasury sectors (e.g., Australian Dollar and U.S. Treasury Notes), each with an assigned sector weight. Each such sector has one component, with an assigned component weight.

INDEX WEIGHTS WITH ENERGY "LONG"—Continued

Sub-Index	Weight (percent)	Sector	Weight (percent)	Component	Weight (percent)	Exchange	Trading hours ¹⁷
		Japanese Yen	7.31	Japanese Yen .....	.....	CME	6:00 pm–5:15 pm next day.
		Swiss Franc	0.70	Swiss Franc .....	.....	CME	6:00 pm–5:15 pm next day.
		U.S. Treasury Notes ²⁰ .	9.74	U.S. Treasury Notes.	.....	CBOT (CME)	6:30 pm–5:00 pm next day.
Totals	100	.....	100	.....	100	.....

¹⁷ All times are Eastern time ("E.T."), inclusive of electronic and open outcry trading sessions, as applicable.
¹⁸ Live Cattle trade from 10:05 a.m. Monday to 2:55 p.m. Friday, with daily trading halts from 5 p.m. to 6 p.m.
¹⁹ Lean Hogs trade from 10:05 a.m. Monday to 2:55 p.m. Friday, with daily trading halts from 5 p.m. to 6 p.m.
²⁰ "U.S. Treasury Notes" refer to 10 year U.S. Treasury Note futures.
²¹ "U.S. Treasury Bonds" refer to those futures with underlying bonds of a remaining term to call or maturity of 15–25 years.

For the DCFI, if Energy is positioned "flat," the initial Index weights will be as follows:

INDEX WEIGHTS WITH ENERGY "FLAT"

Sub-Index	Weight (percent)	Sector	Weight (percent)	Component	Weight (percent)
DCFI	41.78	Energy	0.00	Light Crude	0.00
				Heating Oil	0.00
				RBOB Gasoline	0.00
				Natural Gas	0.00
		Industrial Metals	5.84	Copper	5.84
				Gold	3.75
				Silver	0.66
		Livestock	6.13	Lean Hogs	2.38
				Live Cattle	3.76
		Grains	16.13	Corn	6.70
				Soybeans	3.92
				Wheat	5.51
				Coffee	1.47
				Cocoa	0.48
Sugar	4.17				
Cotton	3.13				
DFFI	58.22	Australian Dollar	1.94	Australian Dollar	1.94
				British Pound	3.59
		Canadian Dollar	2.44	Canadian Dollar	2.44
				Euro	18.24
		Japanese Yen	8.51	Japanese Yen	8.51
				Swiss Franc	0.81
		U.S. Treasury Notes	11.34	U.S. Treasury Notes	11.34
				U.S. Treasury Bonds	11.34
Totals	100	.....	100	.....	100

For the DCFI, if Energy is positioned "long" the initial Sub-Index weightings would be as follows:

DCFI WEIGHTS WITH ENERGY "LONG"

Sector	Weight (percent)	Component	Weight (percent)
Energy	28.24	Light Crude	20.40
		Heating Oil	3.08
		RBOB Gasoline	2.80
		Natural Gas	1.96
Industrial Metals	10.04	Copper	10.04
		Precious Metals	7.58
Livestock	10.54	Gold	6.44
		Silver	1.14
		Lean Hogs	4.08
		Live Cattle	6.46

DCFI WEIGHTS WITH ENERGY "LONG"—Continued

Sector	Weight (percent)	Component	Weight (percent)
Grains	27.70	Corn	11.50
		Soybeans	6.74
		Wheat	9.46
Softs	15.90	Coffee	2.52
		Cocoa	0.84
		Sugar	7.16
		Cotton	5.38
Total	100	.....	100

For the DCFI, if Energy is initially positioned "flat" the weights would be as follows:

DCFI WEIGHTS WITH ENERGY "FLAT"

Sector	Weight (percent)	Component	Weight (percent)
Energy	0.00	Light Crude	0.00
		Heating Oil	0.00
		RBOB Gasoline	0.00
		Natural Gas	0.00
Industrial Metals	13.98	Copper	13.98
Precious Metals	10.56	Gold	8.99
		Silver	1.58
Livestock	14.69	Lean Hogs	5.69
		Live Cattle	8.99
Grains	38.61	Corn	16.04
		Soybeans	9.39
		Wheat	13.18
Softs	22.16	Coffee	3.53
		Cocoa	1.16
		Sugar	9.98
		Cotton	7.50
Total	100	.....	100

Finally, for the DFFI, the initial weights are as follows:

DFFI WEIGHTS

Sector	Weight (percent)	Component	Weight (percent)
Australian Dollar	3.34	Australian Dollar	3.34
British Pound	6.16	British Pound	6.16
Canadian Dollar	4.20	Canadian Dollar	4.20
Euro	31.34	Euro	31.34
Japanese Yen	14.62	Japanese Yen	14.62
Swiss Franc	1.40	Swiss Franc	1.40
U.S. Treasury Notes	19.48	U.S. Treasury Notes	19.48
U.S. Treasury Bonds	19.48	U.S. Treasury Bonds	19.48
Total	100	.....	100

Sectors are rebalanced monthly to the applicable above-mentioned weights; the weighting of each individual Index Component within a particular sector is rebalanced annually.

Energy's Short Exemption

If Energy receives a negative price signal (as determined by the weighted moving average, as discussed below), it is positioned flat (zero-weight) rather than short. This is due to the "risk of ruin" inherent in the Energy sector

because of the concentration of supply in a relatively small number of production locales. If supply from these locales were to be disrupted (whether by war, terrorism, or other events), the price of the Energy sector within the Index and the DCFI is exposed to large

scale price increases regardless of the current trend and position setting. This would expose the Index and the DCFI to significant, if not total, losses in such a circumstance. As such, the Energy sector is positioned flat in a negative price environment and the weight it would otherwise receive is redistributed pro rata among the other sectors of the Index and the DCFI, as applicable.

Determining the Long/Short Positioning of the Sectors

The rule for the Index and each Sub-Index regarding long or short positions is summarized as follows:

- Long positions are tracked when a sector's current aggregate 1-month price change is greater than or equal to the exponential average of the past seven monthly price inputs; and

- Short positions (or flat, in the case of Energy) are tracked when a sector's current 1-month price change is less than the exponential average of the past seven monthly price inputs.

Monthly positions are determined on the second to last DFI business day of the month (defined as the position determination date, or PDD) when the monthly percentage change of an Index Component's price is compared to past monthly price changes, exponentially weighted to give greatest weight to the most recent return and least weight to the return seven months prior. The weighted sum of the percentage changes of all the Index Component prices equals the daily movement of the Index.

To create an exponential average for comparison, price inputs (percentage change from current and previous PDDs) are weighted per the schedule below. Due to this weighting methodology, current price movements are more important than those of the more distant past.

Number of months	Weight (percent)
7	2.32
6	3.71
5	5.94
4	9.51
3	15.22
2	24.34
1	38.95
SUM	100.00

Because this valuation is done on a sector basis, all the Index Components within a particular sector will be set long, short (or flat, in the case of Energy) upon each monthly rebalancing.

Sector Rebalancing

While sector weights are fixed and rebalanced back to their base weight

monthly, Index Components that are part of a multicomponent sector (energy, livestock, grains, and precious metals) are only reset back to their base weight within their sector during the first five business days of February. For example (assuming Energy is long), the Japanese Yen (a single component sector) and Grains (a multi-component sector) will rebalance to 6.85% and 11.16% of the Index respectively on the roll date, as described below. However, the individual components within the grains sector will only rebalance to their base weight at the beginning of the year. During the year, they "float" within the 11.16% Index Grains weighting.

During this monthly rebalancing, the Index will also "roll" certain of its positions from the current contract to a contract further from settlement.²²

Net Asset Value ("NAV")

The NAV in respect of each Fund means the total assets of such Fund including, but not limited to, all cash and cash equivalents or other debt securities less total liabilities of such Fund, each determined on the basis of generally accepted accounting principles in the United States, consistently applied under the accrual method of accounting. In particular, NAV will include any unrealized profit or loss on open Futures Contracts and other holdings, if any, and any other credit or debit accruing to a Fund but unpaid or not received by such Fund. The NAV per Share of each Fund will be computed by dividing the value of the net assets of such Fund (*i.e.*, the value of its total assets less total liabilities) by its total number of Shares outstanding. Expenses and fees will be accrued daily and taken into account for purposes of determining NAV. The NAV for the Funds linked to the DFI and DFFI will be calculated daily by the Administrator at 3 p.m. E.T. and will be disseminated daily to market participants. The NAV for the Fund linked to the DCFI is calculated daily at 2:30 p.m., E.T.²³

²² The Index is composed of Index Components, which are futures contracts. In order to maintain consistent exposure to the Index Components, each Index Component contract must be sold prior to its expiration date and replaced by a contract maturing at a specified date in the future. This process is known as rolling. Index Component contracts are rolled periodically. The rolls are implemented pursuant to a roll schedule over a five-day period from the first through the fifth Index business days of the month. An Index business day is any day on which the majority of the Index Components are open for official trading and official settlement prices are provided, excluding holidays and weekends. The roll schedule is set forth in the Registration Statement.

²³ The Exchange stated that "The NAV for the Fund linked to the DCFI which is calculated daily

In calculating the NAV of each Fund, all open Futures Contracts will be calculated at their then current market value, as described in the Registration Statement. The current market value of all open Futures Contracts, to the extent applicable, will be based upon the settlement price for that particular Futures Contract on the date with respect to which NAV is being determined, as described in the Registration Statement.

The settlement value of a Fund's swap agreements, as applicable, will be determined by applying the then-current disseminated value for the Index Components to the terms of the Funds' swap agreements. However, in the event that an underlying Futures Contract is not trading due to the operation of daily limits or otherwise, the Sponsor may in its sole discretion choose to fair value the applicable Index or Sub-Index level in order to value a Fund's swap agreements for purposes of NAV calculation.

The Exchange will obtain a representation (prior to listing of each Fund) from the Trust that the NAV per Share will be calculated daily and made available to all market participants at the same time.

Indicative Optimized Portfolio Value ("IOPV")

According to the Registration Statement, the IOPV is an indicator of the value of Futures Contracts and other applicable holdings, cash and receivables less liabilities of each Fund at the time the IOPV is disseminated.

For each Fund, the IOPV will be widely disseminated on a per Share basis by one or more major market data vendors every 15 seconds during the NYSE Arca Core Trading Session (9:30 a.m. to 4 p.m., E.T.).²⁴ The value of a Share may be influenced by non-concurrent trading hours between NYSE Arca and the applicable Futures Exchanges trading Futures Contracts when the Shares are traded on NYSE Arca after normal trading hours of such Futures Exchanges. The IOPV will be updated during the NYSE Arca Core Trading Session when applicable Futures Exchanges are trading any Futures Contracts held by the Funds. However, the IOPV that will be disseminated between 2 p.m. E.T. and

at 2:30 p.m. E.T. will also be disseminated daily to market participants." See electronic mail correspondence, dated December 15, 2011, from Tim Malinowski, Senior Director, NYSE Euronext, to Kristie Diemer, Special Counsel, Commission.

²⁴ Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available IOPVs published on CTA or other data feeds.

the close of the NYSE Arca Core Trading Session will be impacted by static values for certain Futures Contracts.²⁵ For each Fund, the IOPV will be calculated by NYSE Arca throughout the NYSE Arca Core Trading Session using the prior day's closing NAV of such Fund as a base and updating throughout the trading day changes in the value of each Fund's holdings. The IOPV should not be viewed as an actual real time update of the NAV because NAV is calculated only once each trading day at 3 p.m. E.T. (at 2:30 p.m. E.T. for the DCFI). The IOPV also should not be viewed as a precise value of the Shares.

According to the Registration Statement, dissemination of the IOPV provides additional information that is not otherwise available to the public in such form and may be useful to investors and market professionals in connection with the trading of Shares.

Creation and Redemption of Shares

According to the Registration Statement, each Fund will create and redeem Shares from time to time, but only in one or more Creation Units. A Creation Unit is a block of 50,000 Shares. Creation Units may be created or redeemed only by authorized participants, as described in the Registration Statement. Except when aggregated in Creation Units, the Shares will not be redeemable securities. The Sponsor will make available on a daily basis the total payment required to create each Creation Unit of a Fund on the purchase order date in connection with the issuance of the respective Shares. Authorized participants may pay a fixed and/or variable transaction fee in connection with each order to create or redeem a Creation Unit. Authorized participants may sell the Shares included in the Creation Units they purchase from the Funds to other investors. On any business day, an authorized participant may place an order prior to 10:45 a.m. E.T. with the Distributor to create one or more Creation Units. The total cash payment required to create each Creation Unit will be the NAV of 50,000 Shares of the applicable Fund on the purchase order date plus the applicable transaction fee.

According to the Registration Statement, the procedures by which an authorized participant can redeem one or more Creation Units will mirror the procedures for the creation of Creation Units. On any business day, an authorized participant may place an

order prior to 10:45 a.m. E.T. with the Distributor to redeem one or more Creation Units. Individual shareholders may not redeem directly from a Fund.

By placing a redemption order, an authorized participant agrees to deliver the Creation Units to be redeemed through the Depository Trust Company's book-entry system to a Fund not later than noon (E.T.), on the third business day immediately following the redemption order date (T+3). The redemption proceeds from a Fund will consist of the cash redemption amount. The cash redemption amount is an amount of cash equal to the NAV of the number of Creation Unit(s) of a Fund requested in the authorized participant's redemption order as of the time of the calculation of the Fund's NAV on the redemption order date, less transaction fees, as described in the Registration Statement.

Availability of Information Regarding the Shares

The Web site for the Funds (www.proshares.com) and/or the Exchange, which are publicly accessible at no charge, will contain the following information: (a) The current NAV per Share daily and the prior business day's NAV per Share; (b) calculation of the premium or discount of the closing market price against the NAV per Share; (c) the prospectus; and (d) other applicable quantitative information.

The Exchange also will disseminate on a daily basis via the Consolidated Tape Association ("CTA") information with respect to the recent NAV, and Shares outstanding. The Exchange will also make available on its Web site (<http://www.nyse.com>) daily trading volume of the Shares, closing prices of the Shares, and the NAV per Share. The intra-day, closing, and settlement prices of the Futures Contracts are also readily available, as applicable, from the respective Futures Exchanges.²⁶ Quotation and last sale information for the Shares will be available via the CTA high-speed line.

Portfolio Disclosure

Each Fund's total portfolio composition will be disclosed on such Fund's Web site or another relevant Web site as determined by the Trust and/or the Exchange.²⁷ The Trust will provide Web site disclosure of portfolio

holdings daily and will include, as applicable, the names, notional value (in U.S. dollars) and number of Futures Contracts or units of swaps held by a Fund, if any, cash equivalents and the amount of cash held in the portfolio of each Fund. This public Web site disclosure of the portfolio composition of the Funds will occur at the same time as the disclosure by the Sponsor of the portfolio composition to Authorized Participants, so that all market participants are provided portfolio composition information at the same time. Therefore, the same portfolio information will be provided on the public Web site as well as in electronic files provided to Authorized Participants. Accordingly, each investor will have access to the current portfolio composition of the Funds through the Funds' Web site, and/or at the Exchange's Web site.

Availability of Information About the Index and Sub-Indexes

The daily closing Index level and the percentage change in the daily closing Index level for the Index and each Sub-Index will be publicly available from one or more major market data vendors. Data regarding the Index and each Sub-Index, updated every 15 seconds during the NYSE Arca Core Trading Session, is also available from Standard & Poor's on a subscription basis. Several independent data vendors also package and disseminate Index and Sub-Index data in various value-added formats (including vendors displaying both Index constituents and Index levels and vendors displaying Index levels only). Data regarding the Index Components is also available from the Web sites of the Futures Exchanges. Data regarding the commodities, currencies and Treasury securities underlying the Index Components is publicly available from various financial information service providers.

Criteria for Initial and Continued Listing

The Funds will be subject to the criteria in NYSE Arca Equities Rule 8.200 and Commentary .02 thereto for initial and continued listing of the Shares.

The anticipated minimum number of Shares for each Fund to be outstanding at the start of trading will be 100,000 Shares. The Exchange believes that this anticipated minimum number of Shares for each Fund to be outstanding at the start of trading is sufficient to provide adequate market liquidity and to further the objectives of each Fund. The Exchange represents that, for the initial and continued listing of the Shares, the Funds must be in compliance with

²⁵ The value of the IOPV will be based on the underlying Futures Contracts. Once a particular Futures Contract closes for trading, a static value for that Futures Contract will be used to calculate the IOPV.

²⁶ See note 10, *supra*.

²⁷ The Exchange has clarified that each Fund's total portfolio composition will be disclosed only on such Fund's Web site for purposes of this proposed rule change. See electronic mail correspondence, dated December 15, 2011, from Tim Malinowski, Senior Director, NYSE Euronext, to Kristie Diemer, Special Counsel, Commission.

NYSE Arca Equities Rule 5.3 and Rule 10A-3 under the Act.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4 a.m. to 8 p.m. E.T. The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Equities Rule 7.6(a), Commentary .03, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.0001.

The trading of the Shares will be subject to NYSE Arca Equities Rule 8.200, Commentary .02(e), which sets forth certain restrictions on Equity Trading Permit ("ETP") Holders acting as registered Market Makers in TIRs to facilitate surveillance. See "Surveillance" below for more information.

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) The extent to which trading is not occurring in the underlying Futures Contracts, or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading in Shares will be subject to trading halts caused by extraordinary market volatility pursuant to the Exchange's "circuit breaker" rule²⁸ or by the halt or suspension of trading of the underlying Futures Contracts.

The Exchange represents that the Exchange may halt trading during the day in which an interruption to the dissemination of the IOPV, the level of the Index (or Sub-Index) or the value of the underlying Futures Contracts occurs. If an interruption to the dissemination of the IOPV, the level of the Index (or Sub-Index) or the value of the underlying Futures Contracts persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. In addition, if the Exchange becomes

aware that the NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants.

Surveillance

The Exchange intends to utilize its existing surveillance procedures applicable to derivative products, including TIRs, to monitor trading in the Shares. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

The Exchange's current trading surveillance focuses on detecting securities trading outside their normal patterns. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

The Exchange can obtain market surveillance information, including customer identity information, with respect to transactions occurring on the Futures Exchanges, all of which are members of the Intermarket Surveillance Group ("ISG").²⁹

In addition, for components traded on exchanges, not more than 10% of the weight of a Fund's portfolio in the aggregate shall consist of components whose principal trading market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.

The Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

Information Bulletin

Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (1) The risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated IOPV will not be calculated or publicly disseminated, as well as during the Core Trading Session where the IOPV may be based in part on

²⁹ A list of ISG members is available at www.isgportal.org. The Exchange notes that not all components of the portfolio for the Funds may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

static underlying values; (2) the procedures for purchases and redemptions of Shares in Creation Baskets and Redemption Baskets (and that Shares are not individually redeemable); (3) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (4) how information regarding the IOPV is disseminated; (5) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Information Bulletin will advise ETP Holders, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Funds. The Exchange notes that investors purchasing Shares directly from the Funds will receive a prospectus. ETP Holders purchasing Shares from the Funds for resale to investors will deliver a prospectus to such investors. The Information Bulletin will also discuss any exemptive, no-action and interpretive relief granted by the Commission from any rules under the Act.

In addition, the Information Bulletin will reference that the Funds are subject to various fees and expenses described in the Registration Statement. The Information Bulletin will also reference that the Commodity Futures Trading Commission has regulatory jurisdiction over the trading of futures contracts traded on U.S. markets.

The Information Bulletin will also disclose the trading hours of the Shares of the Funds. The Bulletin will disclose that information about the Shares of the Funds is publicly available on the Funds' Web site.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)³⁰ that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities

³⁰ 15 U.S.C. 78f(b)(5).

²⁸ See NYSE Arca Equities Rule 7.12.

Rule 8.200 and Commentary .02 thereto. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. The Futures Contracts are traded on the Futures Exchanges, each of which is an ISG member, and information regarding trading in the Index Components is available from the Web sites of the respective Futures Exchanges and from major market data vendors. The daily closing Index level and the percentage change in the daily closing Index level for the Index and each Sub-Index will be publicly available from one or more major market data vendors. Data regarding the Index and each Sub-Index, updated every 15 seconds during the NYSE Arca Core Trading Session, is also available from Standard & Poor's on a subscription basis. Standard & Poor's has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Index and Sub-Indexes. Data regarding the commodities, currencies and Treasury securities underlying the Index Components is publicly available from various financial information service providers. The Exchange may halt trading during the day in which an interruption to the dissemination of the IOPV, the level of the Index (or Sub-Index) or the value of the underlying Futures Contracts occurs. If an interruption to the dissemination of the IOPV, the level of the Index (or Sub-Index) or the value of the underlying Futures Contracts persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. Quotation and last sale information for the Shares will be available via CTA. Each Fund's total portfolio composition will be disclosed on the Funds' Web site.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that a large amount of information is publicly available regarding the Funds and the Shares, thereby promoting market transparency. The NAV per Share will be calculated daily and made available to all market participants at the same time. One or more major market data vendors will

disseminate for the Funds on a daily basis information with respect to the recent NAV per Share and Shares outstanding. For each Fund, the IOPV will be widely disseminated on a per Share basis by one or more major market data vendors every 15 seconds during the NYSE Arca Core Trading Session.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of additional types of exchange-traded products that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, as noted above, investors will have ready access to information regarding the Funds' holdings, IOPV, and quotation and last sale information for the Shares.

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

Within 45 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 90 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 email to rule-comments@sec.gov. Please include File Number SR-NYSEARCA-2011-94 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-2011-94. This file number should be included on the subject line if email 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 10 a.m. and 3 p.m. Copies of the filing will also be available for inspection and copying at the NYSE's principal office and on its Internet Web site at <http://www.nyse.com>. 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-2011-94 and should be submitted on or before January 13, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³¹

Kevin M. O'Neill,
Secretary.

[FR Doc. 2011-32878 Filed 12-22-11; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-66004; File No. SR-Phlx-2011-155]

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fees for Certain Stock Execution Clerks and the Trading Floor Personnel Registration Fee

December 19, 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 December 6, 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, II, and III, 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 eliminate the Fees for Certain Stock Execution Clerks from Section VI of the Fee Schedule.

While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on January 3, 2012.³

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, on the Commission's Web site at <http://www.sec.gov/>, 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 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to eliminate the Fees for Certain Stock Execution Clerks from the Fee Schedule and amend the Trading Floor Registration Fee to clarify that the fee applies to Clerks and Inactive Nominees.

Stock Execution Clerks

A stock execution clerk is currently defined in Exchange Rule 1090 as any clerk other than a specialist clerk on the Exchange trading floor who functions as an intermediary in a transaction (i) consummated on the Exchange; (ii) entered verbally for execution other than on the Exchange; or (iii) entered into a third party system designed to execute transactions other than on the Exchange.⁴ All stock execution clerks must register as such with the Exchange.⁵

Generally, "stock execution" refers to the service used by options traders to hedge their options trades with the

underlying stock. Although stock execution is often done electronically, stock execution clerks provide a service to Exchange members on the options floor by accepting orders for the purchase and sale of securities underlying options transactions. Once such orders are accepted, the stock execution clerk forwards such orders to the appropriate marketplace for execution. The transactions executed are typically hedging transactions in underlying stocks for Exchange specialists and Registered Options Traders.⁶ The transaction may be contingent on an options transaction⁷ or may stand independently ("stand-alone equity orders").

The Exchange established this fee in 2007 to assess fees commensurate with the activities of stock execution clerks that handle stand-alone equity orders (i.e. orders that are not contingent on an options transaction).⁸ For those stock execution clerks that handle orders that are contingent on an options transaction, i.e. orders that are packaged with an options trade, the Exchange filed to assess charges associated with those contingency orders, such as option transaction charges. The Exchange, however, does not assess fees in connection with stand-alone equity orders, which may be handled by a variety of intermediaries and which may be executed on different equity markets. The Exchange established this fee because these clerks generally are not subject to fees for doing business from the Exchange's options floor.

The Exchange is proposing to eliminate this fee because there are no clerks registered as stock execution clerks today.⁹

⁶ A Registered Options Trader ("ROT") includes a SQT, a RSQT and a Non-SQT, which by definition is neither a SQT or a RSQT. A Registered Option Trader is defined in Exchange Rule 1014(b) as a regular member or a foreign currency options participant of the Exchange located on the trading floor who has received permission from the Exchange to trade in options for his own account. See Exchange Rule 1014(b)(i) and (ii).

⁷ A contingency order is a limit or market order to buy or sell that is contingent upon a condition being satisfied while the order is at the post. For certain options contingency orders, the contingency involves buying or selling the underlying security (generally called "stock" in this proposal). See Exchange Rule 1066(c).

⁸ See Securities Exchange Act Release No. 56221 (August 8, 2007), 72 FR 45855 (August 15, 2007) (SR-Phlx-2007-48).

⁹ In the instance that a clerk registers as a stock execution clerk in the future, that clerk would be billed the newly named "Clerk Fee." If the Exchange determined to assess Fees for Certain Stock Execution Clerks it would file with the Commission to reinstitute the fee.

³¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Commission notes that the Exhibit 1 to the proposed rule change stated that December 1, 2011 is the operative date of the proposed rule change. The Exchange represents that the operative date of the proposed rule change is instead January 3, 2012. See email from Angela S. Dunn, Assistant General Counsel, Exchange, to Nicholas Shwayri, Attorney-Advisor, Division of Trading and Markets, Commission, dated December 16, 2011.

⁴ See Exchange Rule 1090, Commentary .01(a). Further, No Stock Execution Clerk shall: (i) act as an intermediary in any transaction other than under the direct supervision of a member; (ii) enter into any clearing transaction or participate in any clearing process; (iii) have discretion or independent authority over any account or transaction. See Exchange Rule 1090, Commentary .01(d).

⁵ Any member or member organization engaged as a stock execution clerk shall register as such with the Exchange's Membership Department. A stock execution clerk that performs any function other than a solely clerical or ministerial function shall, prior to performing any function as a stock execution clerk, (i) comply with the registration requirement(s) set forth in Exchange Rule 604, where applicable; (ii) disclose in detail to the Exchange, on an annual basis, the specific nature of such additional function(s); and (iii) in accordance with Exchange Rule 748, submit to the Exchange written supervisory procedures relating to such member or member organization's activities as a stock execution clerk. See Exchange Rule 1090, Commentary .01(b).