

FINRA believes that such agreements will become increasingly necessary as the financial markets continue to globalize and require cross-market regulation. Furthermore, FINRA believes information sharing may become a more critical component to domestic regulation of the securities industry. Accordingly, FINRA believes it would be beneficial to expressly state in the rule FINRA's authority to enter into such agreements and set forth certain minimum prerequisites to ensure mutual benefits and confidentiality protections. The proposed rule change further would serve as notice to the membership of FINRA's intention to reach memoranda of understanding with other regulators to share confidential information.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁸ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. FINRA believes that the proposed rule change will further the public interest by evidencing FINRA's authority and intent to share important regulatory information with other regulators responsible for investor protection and market oversight.

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

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (1) Significantly affect the protection of investors or the public interest; (2) impose any significant burden on competition; and (3) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, the proposed rule change has become effective pursuant to Section 19(b)(3)(A)

of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. FINRA has requested that the Commission waive the 30-day operative delay. The Commission believes that waiving the 30-day operative delay¹¹ is consistent with the protection of investors and the public interest. The Commission notes that the proposed rule change merely makes explicit and codifies FINRA's authority to enter into information sharing agreements that may advance investor protection.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2008-056 on the subject line.

Paper Comments

- Send paper comments in triplicate to Florence Harmon, Acting Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2008-056. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6). Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to provide the Commission with 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. FINRA fulfilled this requirement.

¹¹ 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).

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 inspection and copying 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 such filing also will be available for inspection and copying at the principal office of FINRA. 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-FINRA-2008-056 and should be submitted on or before December 10, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Florence E. Harmon,

Acting Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-58903A; File No. SR-FINRA-2008-011]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving Proposed Rule Change to Amend the Trade Reporting Structure and Require Submission of Non-Tape Reports that Identify Other Members Who Participated in Agency and Riskless Principal Transactions as Modified by Amendments No. 1 and 2

November 13, 2008.

Correction

Footnote 6 is revised to read:

In Amendment No. 2, FINRA clarified the implementation date for this proposed rule change. The Commission

¹² 17 CFR 200.30-3(a)(12).

⁸ 15 U.S.C. 78o-3(b)(6).

is not publishing the amendment for comment.

Section IV.C is revised to read:

In its response to comments, FINRA stated that it intended to implement the proposed rule change *at least* 180 days from the date of this approval order.¹ For purposes of clarity, in Amendment No. 2, FINRA requested that the proposed rule change be implemented at least six (6) months from the date of SEC approval, but no later than nine (9) months from SEC approval. The Commission believes that this is an appropriate time frame for members to prepare to comply with the proposed rules.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²

Florence E. Harmon,

Acting Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-58926; File No. SR-ISE-2008-82]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Temporarily Increase the Number of Additional Quarterly Options Series

November 10, 2008.

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 November 6, 2008, the International Securities Exchange, LLC ("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 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 ISE proposes to amend Supplementary Material .03 to Rule 504, *Quarterly Options Series Pilot Program*, to temporarily increase the number of

additional Quarterly Options Series ("QOS") in exchange-traded fund ("ETF") options from sixty (60) to one hundred (100) that may be added by the Exchange. The text of the proposed rule change is as follows, with deletions in [brackets] and additions in *italics*.

Rule 504. Series of Options Contracts Open for Trading

* * * * *

Supplementary Material to Rule 504

.01-.02 No change.

.03 Quarterly Options Series Pilot Program: The Exchange may list and trade options series that expire at the close of business on the last business day of a calendar quarter ("Quarterly Options Series"). The Exchange may list Quarterly Options Series for up to five (5) currently listed options classes that are either index options or options on exchange traded funds ("ETF"). In addition, the Exchange may also list Quarterly Options Series on any options classes that are selected by other securities exchanges that employ a similar pilot program under their respective rules.

(a)-(g) No change.

(h) *During the last quarter of 2008 (and for the new expiration month being added after December Quarterly Options Series expiration), the Exchange may list up to one hundred (100) additional series per expiration month for each Quarterly Options Series in ETF options.*

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

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of 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 temporarily increase the

number of additional QOS in ETF options from sixty (60) to one hundred (100) that may be added by the Exchange. To effect this change, the Exchange is proposing to add new subparagraph (h) to Supplementary Material .03 to Rule 504.

Because of the current, unprecedented market conditions, the Exchange has received requests from market participants to add lower priced strikes for QOS in the Energy Select Sector SPDR ("XLE"), the DIAMONDS Trust, Series 1 ("DIA") and the Standard and Poor's Depository Receipts/SPDRs ("SPY"). For example, for December 2008 expiration, there is demand for strikes (a) ranging from \$20 up through and including \$40 for XLE, (b) ranging from \$60 up through and including \$75 for DIA, and (c) ranging from \$74 up through and including \$85 for SPY. These strikes are much lower than those currently listed for which there is open interest.

However, under current Rule 504, the Exchange cannot honor these requests because the maximum number of additional series, sixty (60), has already been listed. The Exchange is therefore seeking to temporarily increase the number of additional QOS that may be added to one hundred (100). The increase of additional series would be permitted immediately for expiration months currently listed and for expiration months added throughout the last quarter of 2008, including the new expiration month added after December 2008 expiration.

The Exchange believes that this proposal is reasonable and will allow for more efficient risk management. The Exchange believes this proposal will facilitate the functioning of the Exchange's market and will not harm investors or the public interest. The Exchange believes that user demand and the recent downward price movements in the underlying ETFs warrants a temporary increase in the number of strikes for all QOS in ETF options. Currently, the Exchange list QOS in five ETF options: (1) Nasdaq-100 Index Tracking Stock ("QQQQ"); (2) iShares Russell 2000 Index Fund ("IWM"); (3) DIA; (4) SPY; and (5) XLE. The below chart provides the historical closing prices of these ETFs over the past couple of months:

¹ See FINRA Letter, *supra* note 10.

² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.