

on foreign inspections more generally, which they indicated they also had expressed to the PCAOB in response to a Board request for comment issued concurrently with the issuance of the proposed amendment. We are mindful of these and other views regarding the implications of foreign inspections. We will continue to work with the PCAOB on these issues and encourage the PCAOB to consider these comments in connection with any future action the Board considers, including the impact of a further delay of the inspections affected by this proposed amendment.

The proposed amendment itself does not limit the PCAOB's authority to conduct inspections at any time and does not affect registered firms' obligations under the Act. Nor does it, nor could it, resolve the broader views expressed by the commenters. However, as the Board explained, the adjustment would provide additional time to continue discussions on outstanding matters and work towards cooperation and coordination with authorities in all relevant jurisdictions. The adjustment will accomplish this while delaying a relatively small number of inspections.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed amendment to the Board's rules governing inspections of registered public accounting firms are consistent with the requirements of the Act and the securities laws and are necessary or appropriate in the public interest or for the protection of investors.

It is therefore ordered, pursuant to Section 107 of the Act and Section 19(b)(2) of the Exchange Act, that the proposed rule amendment (File No. PCAOB-2008-06) be and hereby is approved.

By the Commission.

Elizabeth M. Murphy,

Secretary.

[FR Doc. E9-12744 Filed 6-1-09; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-59983; File No. SR-BX-2009-027]

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Extending the Effective Date of the Rule Governing Exchange's Directed Order Process on the Boston Options Exchange

May 27, 2009.

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 May 21, 2009, NASDAQ OMX BX, Inc. (the "Exchange") 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 Exchange. The Exchange has designated the proposed rule change as a "non-controversial" rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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 extend the effective date of the amended rule governing the Exchange's Directed Order Process on the Boston Options Exchange ("BOX") from May 29, 2009 to November 30, 2009. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission's Public Reference Room and also on the Exchange's Internet Web site at <http://nasdaqomxbx.cchwallstreet.com/NASDAQOMXBX/Filings/>.

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 Statutory Basis for the Proposed Rule Change

1. Purpose

On March 14, 2006, the Exchange proposed an amendment to the BOX Rules governing the Directed Order⁵ process on BOX.⁶ The Rules were amended to clearly state that the BOX Trading Host identifies to an Executing Participant ("EP") the identity of the firm entering a Directed Order. The amended rule was to be effective until June 30, 2006. ("Pilot Program") while the Securities and Exchange Commission ("Commission") considered a corresponding Exchange proposal⁷ to amend its rules to permit EPs to choose the firms from whom they will accept Directed Orders, while providing complete anonymity of the firm entering a Directed Order.

On June 20, 2006, the Exchange proposed extending the effective date of the rule governing its Directed Order process on BOX from June 30, 2006 to September 30, 2006,⁸ while the Commission continued to consider the corresponding Exchange proposal.

On September 11, 2006, January 16, 2007, July 2, 2007, January 18, 2008 and January 26, 2009 the Exchange proposed extending the effective date of the amended rule governing the Directed Order process on BOX from September 30, 2006 until January 31, 2007,⁹ from January 31, 2007 until July 31, 2007,¹⁰ from July 31, 2007 until January 31, 2008,¹¹ from January 31, 2008 until January 31, 2009,¹² and from January

⁵ Capitalized terms not otherwise defined herein shall have the meanings prescribed within the BOX Rules.

⁶ See Securities Exchange Act Release No. 53516 (March 20, 2006), 71 FR 15232 (March 27, 2006) (SR-BSE-2006-14).

⁷ See Securities Exchange Act Release No. 53357 (February 23, 2006), 71 FR 10730 (March 2, 2006) (SR-BSE-2005-52).

⁸ See Securities Exchange Act Release No. 54082 (June 30, 2006), 71 FR 38913 (July 10, 2006) (SR-BSE-2006-29).

⁹ See Securities Exchange Act Release No. 54469 (September 19, 2006), 71 FR 56201 (September 26, 2006) (SR-BSE-2006-38).

¹⁰ See Securities Exchange Act Release No. 55139 (January 19, 2007), 72 FR 3448 (January 25, 2007) (SR-BSE-2007-01).

¹¹ See Securities Exchange Act Release No. 56014 (July 5, 2007), 72 FR 38104 (July 12, 2007) (SR-BSE-2007-31).

¹² See Securities Exchange Act Release No. 57195 (January 24, 2008), 73 FR 5610 (January 30, 2008) (SR-BSE-2008-04).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

31, 2009 until May 29, 2009,¹³ respectively, while the Commission considered the corresponding Exchange proposal to amend the BOX Rules to permit EPs to choose the firms from whom they will accept Directed Orders, while providing complete anonymity of the firm entering a Directed Order.

This filing from the Exchange again proposes extending the effective date of the amended rule governing its Directed Order process on BOX, from May 29, 2009 to November 30, 2009.¹⁴ In the event the Commission reaches a decision with respect to the corresponding Exchange proposal to amend the BOX Rules before November 30, 2009, the amended rule governing the Directed Order process on the BOX will cease to be effective at the time of that decision.

2. Statutory Basis

The amended rule is designed to clarify the information contained in a Directed Order. This proposed rule filing seeks to extend the amended rule's effectiveness from May 29, 2009 to November 30, 2009. This extension will afford the Commission the necessary time to consider the Exchange's corresponding proposal to amend the BOX rule to permit EPs to choose the firms from whom they will accept Directed Orders while providing complete anonymity of the firm entering a Directed Order. Accordingly, the Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,¹⁵ in general, and Section 6(b)(5) of the Act,¹⁶ in particular, in that it is designed to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism for a free and open market and a national market system and, in general, to protect investors and the public interest.

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

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

¹³ See Securities Exchange Act Release No. 59311 (January 28, 2009), 74 FR 6071 (February 4, 2009) (SR-BX-2009-007).

¹⁴ In the event that the issue of anonymity in the Directed Order process is not resolved by November 30, 2009 the Exchange will consider whether to submit another filing under Rule 19b-4(f)(6) extending this rule and system process.

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

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

The Exchange has neither solicited nor received comments on the proposed rule change.

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

Because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) by its terms does not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A)¹⁷ of the Act and Rule 19b-4(f)(6) thereunder.¹⁸ As required under Rule 19b-4(f)(6)(iii),¹⁹ the Exchange provided 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 the filing of the proposed rule change.

A proposed rule change filed under Rule 19b-4(f)(6)²⁰ normally may not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)²¹ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay, as specified in Rule 19b-4(f)(6)(iii),²² which would make the rule change effective and operative upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because such waiver would continue to conform the BOX rules to BOX's current practice and clarify that Directed Orders on BOX are not anonymous without interruption.²³ Accordingly, the Commission designates the proposed rule change

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f)(6).

¹⁹ 17 CFR 240.19b-4(f)(6)(iii).

²⁰ 17 CFR 240.19b-4(f)(6).

²¹ 17 CFR 240.19b-4(f)(6)(iii).

²² *Id.*

²³ 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).

operative upon filing with the Commission.

At any time within 60 days of the filing of such 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-BX-2009-027 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-BX-2009-027. 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 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 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-BX-2009-027 and should be submitted on or before June 23, 2009.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁴

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E9-12718 Filed 6-1-09; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-59981; File No. SR-CBOE-2009-024]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Granting Approval of a Proposed Rule Change Related to Its Obvious Error Rules

May 27, 2009.

I. Introduction

On April 8, 2009, the Chicago Board Options Exchange, Incorporated (“CBOE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b-4 thereunder,² a proposed rule change to amend CBOE Rules 6.25 and 24.16 (collectively, the “Obvious Error Rules”) pertaining to the nullification and adjustment of options transactions. The proposed rule change was published for comment in the *Federal Register* on April 24, 2009.³ The Commission received no comment letters on the proposal. This order approves the proposed rule change.

II. Discussion

A. Merging Rules

The Exchange proposes to merge Rule 24.16 (which currently relates to only index, ETF and HOLDRS options) into Rule 6.25 (which currently relates to only equity options) to form a single obvious error rule.

B. Obvious Pricing Errors

1. Definition of Theoretical Price

The Exchange proposes to amend Rule 6.25’s definition of “Theoretical Price” to base it on the national best bid or offer (“NBBO”) instead of the market

with the most liquidity. Using the NBBO to define Theoretical Price is similar to how “fair market value” is currently defined for obvious pricing errors under Rule 24.16. The Exchange also proposes to permit Trading Officials to establish the Theoretical Price when the NBBO for the affected series, just prior to the erroneous transaction, is at least two times the permitted bid/ask differential under subparagraph (b)(iv)(A) of Rule 8.7.

2. Non-CBOE Market Makers

The Exchange proposes to provide for the adjustment of Obvious Pricing Error transactions involving non-CBOE Market-Makers, provided the adjusted price does not violate the non-CBOE Market-Maker’s limit price.

3. ROS and HOSS Rotations

The Exchange proposes to revise the Obvious Pricing Error provision as it pertains to transactions occurring as part of the Rule 6.2A, *Rapid Opening System* (“ROS”), or Rule 6.2B, *Hybrid Opening System* (“HOSS”), rotations. With respect to regular ROS and HOSS rotations, the Exchange is proposing to add a condition that the option contract quantity subject to nullification or adjustment would not exceed the size of the first quote after the transaction(s) in question that does not reflect the erroneous transaction(s). Any nullifications or adjustments would occur on a pro rata basis considering the overall size of the ROS or HOSS opening trade. With respect to HOSS rotations in index options series being used to calculate the final settlement price of a volatility index, the Exchange proposes to carryover a condition from Rule 24.16 that the first quote after the transaction(s) in question that does not reflect the erroneous transaction(s) must be for at least the size of the HOSS opening transaction(s). If the size of the quote is less than the size of the opening transaction(s), then the Obvious Pricing Error provision shall not apply.

4. Non-Broker-Dealer Customer Orders Entered Before the Opening Rotation

The Exchange proposes to extend the expanded notification period applicable to transactions during opening rotations involving non-broker-dealer Customers to include certain orders entered before the opening that are executed immediately following the opening rotation. Specifically, Rule 6.25 currently requires that members notify CBOE Trading Officials or designated personnel in the control room within a short time period following the execution of a trade (generally 15 minutes) if they believe the trade

qualifies as an Obvious Pricing Error. However, an expanded notification period is available for transactions during option rotation occurring as part of ROS or HOSS where at least one party to the transaction is a non-broker-dealer Customer. The Exchange proposes to make the expanded notification period applicable to transactions involving non-broker-dealer Customers’ marketable orders that are entered before the opening rotation and that are executed as part of the Hybrid Agency Liaison (“HAL”) on the opening process and certain transactions involving non-broker-dealer Customers’ complex orders that are entered before the opening rotation and that are executed immediately following the opening rotation through the Exchange’s electronic Complex Order Book.

5. Binary Options

The Exchange proposes to provide that any price adjustment for a binary option series (including any adjustment penalty that may be applicable to transactions between CBOE Market-Makers) shall not exceed the applicable exercise settlement amount for the binary option.

C. Catastrophic Pricing Errors

The Exchange proposes to amend Rule 6.25 to add criteria for identifying “Catastrophic Errors” and making adjustments when Catastrophic Errors occur, as well as a streamlined procedure for reviewing actions taken in these extreme circumstances. Under Rule 6.25, trades that result from an Obvious Pricing Error may be adjusted or busted according to objective standards. Under the Rule, whether an Obvious Pricing error has occurred is determined by comparing the execution price to the Theoretical Price of the option. The rule requires that members notify CBOE Trading Officials or designated personnel in the control room within a short time period following the execution of a trade (generally 15 minutes) if they believe the trade qualifies as an Obvious Pricing Error. Trades that qualify for adjustment or are nullified under the Rule are compared to a price that matches the theoretical price plus or minus an adjustment value for transactions between CBOE Market Makers, which is \$0.15 if the Theoretical Value is under \$3 and \$0.30 if the Theoretical Value is at or above \$3. By adjusting trades above or below the Theoretical Price, the rule assesses a “penalty” in that the adjustment price is not as favorable as the amount the party making the error

²⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 59793 (April 20, 2009), 74 FR 18762.