

Issued in Washington, DC, June 2, 2010.

**John H. Hanley,**

*Director, Legislative and Regulatory  
Department, Pension Benefit Guaranty  
Corporation.*

[FR Doc. 2010-13654 Filed 6-7-10; 8:45 am]

**BILLING CODE 7709-01-P**

## SMALL BUSINESS ADMINISTRATION

### Small Business Size Standards: Waiver of the Nonmanufacturer Rule

**AGENCY:** Small Business Administration.

**ACTION:** Notice of Waiver to the Nonmanufacturer Rule for Liquid Propane Gas (LPG), North American Industry Classification System (NAICS) code 325120, Product Service Code (PSC) 6830.

**SUMMARY:** The U. S. Small Business Administration (SBA) is granting a waiver of the Nonmanufacturer Rule for Liquid Propane Gas. The basis for waiver is that no small business manufacturers are supplying this class of product to the Federal Government. The effect of a waiver would be to allow otherwise qualified small businesses to supply the products of any manufacturer on a Federal contract set aside for small businesses, service-disabled veteran-owned (SDVO) small businesses or Participants in SBA's 8(a) Business Development (BD) Program.

**DATES:** This waiver is effective June 23, 2010.

**FOR FURTHER INFORMATION CONTACT:** Ms. Amy Garcia, Procurement Analyst, by telephone at (202) 205-6842; by Fax at (202) 481-1630; or by e-mail at [amy.garcia@sba.gov](mailto:amy.garcia@sba.gov).

**SUPPLEMENTARY INFORMATION:** Section 8(a)(17) of the Small Business Act (Act), 15 U.S.C. 637(a)(17), and SBA's implementing regulations require that recipients of Federal supply contracts set aside for small businesses, SDVO small businesses, or Participants in the SBA's 8(a) BD Program must provide the product of a small business manufacturer or processor, if the recipient is other than the actual manufacturer or processor of the product. This requirement is commonly referred to as the Nonmanufacturer Rule. 13 CFR 121.406(b), 125.15(c). Section 8(a)(17)(b)(iv) of the Act authorizes SBA to waive the Nonmanufacturer Rule for any "class of products" for which there are no small business manufacturers or processors available to participate in the Federal market.

In order to be considered available to participate in the Federal market for a

class of products, a small business manufacturer must have submitted a proposal for a contract solicitation or received a contract from the Federal Government within the last 24 months. 13 CFR 121.1202(c). The SBA defines "class of products" based on the Office of Management and Budget's NAICS. In addition, SBA uses PSCs to further identify particular products within the NAICS code to which a waiver would apply.

The SBA received a request on December 10, 2010, to waive the Nonmanufacturer Rule for LPG, PSC 6830 (Compressed and Liquefied Gases), under NAICS code 325120 (Industrial Gases Manufacturing).

On March 23, 2010, SBA published in the **Federal Register** a notice of intent to waive the Nonmanufacturer Rule for the above listed item. SBA explained in the notice that it was soliciting comments and sources of small business manufacturers of this class of products. No comments were received in response to this notice. SBA has determined that there are no small business manufacturers of this class of products, and is therefore granting the waiver of the Nonmanufacturer Rule for LPG, PSC 6830 (Compressed and Liquefied Gases), under NAICS code 325120 (Industrial Gases Manufacturing).

Dated: June 1, 2010.

**Karen Hontz,**

*Director, Office of Government Contracting.*

[FR Doc. 2010-13652 Filed 6-7-10; 8:45 am]

**BILLING CODE 8025-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

### Miracor Diagnostics, Inc., Monaco Finance, Inc., MPEL Holdings Corp. (f/k/a Computer Transceiver Systems, Inc.), MR3 Systems, Inc., Mutual Risk Management, Ltd.; Order of Suspension of Trading

June 4, 2010.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Miracor Diagnostics, Inc. because it has not filed any periodic reports since the period ended September 30, 1996.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Monaco Finance, Inc. because it has not filed any periodic reports since the period ended September 30, 1999.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of MPEL Holdings Corp. (f/k/a Computer Transceiver Systems, Inc.) because it has not filed any periodic reports since September 30, 1999.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of MR3 Systems, Inc. because it has not filed any periodic reports since the period ended September 30, 2005.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Mutual Risk Management Ltd. because it has not filed any periodic reports since the period ended December 31, 2001.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above-listed companies.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the securities of the above-listed companies is suspended for the period from 9:30 a.m. EDT on June 4, 2010, through 11:59 p.m. EDT on June 17, 2010.

By the Commission.

**Elizabeth M. Murphy,**  
*Secretary.*

[FR Doc. 2010-13823 Filed 6-4-10; 4:15 pm]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-62205; File No. SR-FINRA-2010-024]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change To Adopt FINRA Rule 4210 (Margin Requirements), FINRA Rule 4220 (Daily Record of Required Margin) and FINRA Rule 4230 (Required Submissions for Requests for Extensions of Time Under Regulation T and SEC Rule 15c3-3) in the Consolidated FINRA Rulebook

June 2, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 14, 2010, Financial Industry Regulatory

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

Authority, Inc. (“FINRA”) (f/k/a National Association of Securities Dealers, Inc. (“NASD”)) 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 FINRA. 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**

FINRA is proposing to adopt (1) NASD Rules 2520, 2521, 2522, and IM–2522 regarding margin requirements, (2) NASD Rule 3160 regarding extension of time requests under Regulation T and SEC Rule 15c3–3, and (3) Incorporated NYSE Rule 432(a) regarding daily record of margin requirements as FINRA rules in the consolidated FINRA rulebook, subject to certain amendments, and to delete Incorporated NYSE Rule 431 (Margin Requirements), Incorporated NYSE Rule 431 Interpretations,<sup>3</sup> Incorporated NYSE Rule 432(b) and Incorporated NYSE Rule 434 (Required Submissions of Requests for Extension of Time for Customers). The proposed rule change would (1) Consolidate and renumber NASD Rules 2520, 2521, 2522 and IM–2522 as FINRA Rule 4210 (Margin Requirements), (2) renumber NASD Rule 3160 as FINRA Rule 4230 (Required Submissions for Requests for Extensions of Time Under Regulation T and SEC Rule 15c3–3), and (3) renumber Incorporated NYSE Rule 432(a) as FINRA Rule 4220 (Daily Record of Required Margin) in the consolidated FINRA rulebook.

The text of the proposed rule change is available on FINRA’s Web site at <http://www.finra.org>, at the principal office of FINRA 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, FINRA 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. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements

<sup>3</sup> Assuming SEC approval of the proposed rule change, FINRA expects to maintain the Incorporated NYSE Rule 431 Interpretations as interpretations to FINRA Rule 4210.

#### *A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

##### **1. Purpose**

As part of the process of developing a new consolidated rulebook (“Consolidated FINRA Rulebook”),<sup>4</sup> FINRA is proposing to adopt (1) NASD Rules 2520, 2521, 2522, and IM–2522 regarding margin requirements, (2) NASD Rule 3160 regarding extension of time requests under Regulation T and SEC Rule 15c3–3, and (3) Incorporated NYSE Rule 432(a) regarding daily record of margin requirements as FINRA rules in the Consolidated FINRA Rulebook, subject to certain amendments, and to delete Incorporated NYSE Rule 431 (Margin Requirements), Incorporated NYSE Rule 431 Interpretations,<sup>5</sup> Incorporated NYSE Rule 432(b) and Incorporated NYSE Rule 434 (Required Submissions of Requests for Extension of Time for Customers). The proposed rule change would (1) consolidate and renumber NASD Rules 2520, 2521, 2522 and IM–2522 as FINRA Rule 4210 (Margin Requirements), (2) renumber NASD Rule 3160 as FINRA Rule 4230 (Required Submissions for Requests for Extensions of Time Under Regulation T and SEC Rule 15c3–3), and (3) renumber Incorporated NYSE Rule 432(a) as FINRA Rule 4220 (Daily Record of Required Margin) in the Consolidated FINRA Rulebook.

Margin Requirements—NASD Rules 2520, 2521, 2522, and IM–2522 and Incorporated NYSE Rule 431

FINRA proposes to adopt the margin requirements set forth in NASD Rules 2520 through 2522 and IM–2522 as FINRA Rule 4210, subject to certain amendments, discussed below and to delete Incorporated NYSE Rule 431 (Margin Requirements). The proposed amendments, among other things, reflect certain requirements in Incorporated NYSE Rule 431.

NASD Rule 2520 (Margin Requirements) and Incorporated NYSE Rule 431, which are almost identical,

<sup>4</sup> The current FINRA rulebook consists of (1) FINRA Rules; (2) NASD Rules; and (3) rules incorporated from NYSE (“Incorporated NYSE Rules”) (together, the NASD Rules and Incorporated NYSE Rules are referred to as the “Transitional Rulebook”). While the NASD Rules generally apply to all FINRA members, the Incorporated NYSE Rules apply only to those members of FINRA that are also members of the NYSE (“Dual Members”). The FINRA Rules apply to all FINRA members, unless such rules have a more limited application by their terms. For more information about the rulebook consolidation process, see FINRA *Information Notice*, March 12, 2008 (Rulebook Consolidation Process).

<sup>5</sup> See *supra* note 3.

prescribe requirements governing the extension of credit by members that offer margin accounts to customers, as generally permitted in accordance with Regulation T of the Board of Governors of the Federal Reserve System (“Regulation T”).<sup>6</sup> These rules promulgate the margin requirements that determine the amount of collateral customers are expected to maintain in their margin accounts, including strategy-based margin accounts and portfolio margin accounts. Maintenance margin requirements for equity, fixed income, warrants and option securities also are established under these rules.

##### **Rule Structure**

FINRA proposes to combine NASD Rules 2520, 2521, 2522 and IM–2522 into the single consolidated margin rule, FINRA Rule 4210. In addition, FINRA proposes to re-structure the rule to improve its organization and make it easier to read. First, FINRA proposes to incorporate NASD Rule 2521 (Margin—Exemption for Certain Members) as FINRA Rule 4210(h), which provides that any member for which another self-regulatory organization acts as the designated examining authority is exempt from FINRA Rule 4210. Second, FINRA proposes to incorporate NASD Rule 2522 (Definitions Related to Options, Currency Warrants, Currency Index Warrants and Stock Index Warrant Transactions) as FINRA Rule 4210(f)(2)(A), which contains definitions regarding margining options, currency warrants, currency index warrants and stock index warrant transactions.<sup>7</sup> In so doing, FINRA proposes to delete extraneous definitions and retain only those definitions that are pertinent to the new rule. Third, FINRA proposes to combine the margin provisions regarding currency warrants, currency index warrants and stock index warrants from NASD Rule 2520(f)(10) together with similar sections in paragraph (f)(2) of FINRA Rule 4210. All margin provisions regarding such warrants were combined in a single section in corresponding Incorporated NYSE Rule 431(f)(2), and FINRA proposes to follow this model. FINRA believes combining all provisions in a single section regarding such warrants will make the rule easier to read. Finally, FINRA proposes to incorporate NASD IM–2522 (Computation of Elapsed Days) as Supplementary Material to FINRA Rule

<sup>6</sup> See Regulation T Section 220.4.

<sup>7</sup> In this regard, FINRA proposes to adopt the model of Incorporated NYSE Rule 431 of consolidating relevant definitions into FINRA Rule 4210.

4210, which provides illustrations on how to calculate the number of elapsed days for accrued interest on Treasury bonds or notes.

#### Net Capital Calculations

FINRA proposes in several instances in FINRA Rule 4210<sup>8</sup> to specify that the member should reference SEC Rule 15c3-1 and, if applicable, FINRA Rule 4110 (Capital Compliance) when calculating net capital, charges against net capital and haircut requirements. Members that may be subject to greater net capital requirements pursuant to FINRA Rule 4110 would need to ensure they are in compliance with both the SEC and FINRA net capital provisions in calculating net capital and its impact on margin calculations. In addition, consistent with the corresponding Incorporated NYSE Rule 431 requirements, FINRA proposes to provide in FINRA Rule 4210(e)(5)(A) and (B) (regarding specialists' and market makers' accounts), (e)(6)(A) (regarding broker-dealer accounts) and (e)(6)(B)(i)c. (regarding joint back office arrangements) that when computing charges against net capital for transactions in securities covered by FINRA Rule 4210(e)(2)(F) (regarding transactions with exempt accounts involving certain "good faith" securities) and FINRA Rule 4210(e)(2)(G) (regarding transactions with exempt accounts involving highly rated foreign sovereign debt securities and investment grade debt securities), absent a greater haircut requirement that may have been imposed on such securities pursuant to FINRA Rule 4110(a), the respective requirements of those paragraphs may be used, rather than the haircut requirements of SEC Rule 15c3-1.

#### Joint Accounts Exemption

FINRA proposes to integrate Incorporated NYSE Rule 431 Supplementary Material .10 into FINRA Rule 4210(e)(3) regarding joint accounts in which the carrying member or a partner or stockholder therein has an interest. The provision permits a member to seek an exemption under the FINRA Rule 9600 Series if the account is confined exclusively to transactions and positions in exempted securities. The proposed rule change would provide that any such application shall include the complete description of the security; cost price, offering price and principal amount of obligations which

<sup>8</sup> See, e.g., FINRA Rule 4210(e)(2)(D), (e)(2)(F), (e)(2)(G), (e)(4), (e)(5) and (e)(6). Incorporated NYSE Rule 431 referenced NYSE's net capital rules in these same sections, and FINRA proposes to follow this model.

have been purchased or may be required to be purchased; the date on which the security is to be purchased or on which there will be a contingent commitment to purchase the security; the approximate aggregate indebtedness; the approximate net capital; and the approximate total market value of all readily marketable securities (1) exempted and (2) non-exempted, held in member accounts, partners' capital accounts, partners' individual accounts covered by approved agreements providing for their inclusion as partnership property, accounts covered by subordination agreements approved by FINRA and customers' accounts in deficit.

#### Additional Requirements on Control and Restricted Securities and Relationship to FINRA Rule 4120 (Regulatory Notification and Business Curtailment)

FINRA proposes to adopt provisions from Incorporated NYSE Rule 431 pertaining to deductions from net capital on control and restricted securities, which are not contained in NASD Rule 2520.<sup>9</sup> These provisions, which would be set forth in FINRA Rule 4210(e)(8)(C)(ii), (iii) and (v), require that a member make deductions from its net capital if it extends credit over specified thresholds, discussed below, on control and restricted securities, and it must take such deductions into account when determining if it has reached any of the financial triggers specified in FINRA Rule 4120.<sup>10</sup> The proposed rule change also would make conforming amendments to FINRA Rule 4120(a)(1)(F) and (c)(1)(F) (Regulatory Notification and Business Curtailment) to clarify that a member must take into account the special deductions from net capital set forth in FINRA Rule 4210(e)(8)(C) in determining its status under FINRA Rule 4120. The margin provision specifically provides that the greater of the aggregate credit agreed to be extended in writing or the aggregate credit that is actually extended to all customers on control and restricted securities of any one issue that exceeds 10 percent of the member's excess net capital shall be deducted from net capital for purposes of determining a member's status under FINRA Rule

<sup>9</sup> See Incorporated NYSE Rule 431(e)(8)(C)(ii), (iii) and (v).

<sup>10</sup> FINRA Rule 4120 is based on Incorporated NYSE Rules 325 and 326, which were referenced in Incorporated NYSE Rule 431(e)(8)(C)(ii), (iii) and (v). FINRA Rule 4120 requires carrying and clearing members to notify FINRA if any of the specified financial triggers in FINRA Rule 4120 are reached. The rule also addresses circumstances under which a member would be prohibited from expanding its business or required to reduce its business.

4120. The amount of such aggregate credit extended, which has been deducted in computing net capital under SEC Rule 15c3-1 and, if applicable, FINRA Rule 4110(a), need not be included in this calculation. FINRA, upon written application, may reduce the deduction to net capital under FINRA Rule 4120 to 25 percent of such aggregate credit extended that exceeds 10 percent but is less than 15 percent of the member's excess net capital. In addition, the aggregate credit extended to all customers on all control and restricted securities (reduced by the amount of such aggregate credit which has been deducted in computing net capital under SEC Rule 15c3-1 and, if applicable, FINRA Rule 4110(a)), shall be deducted from net capital on the following basis for purposes of determining a member's status under FINRA Rule 4120. First, to the extent such net amount of credit extended does not exceed 50 percent of a member's excess net capital, 25 percent of such net amount of credit extended shall be deducted. Second, 100 percent of such net amount of credit extended which exceeds 50 percent of a member's excess net capital shall be deducted. The amount to be deducted from net capital for purposes of determining a member's status under Rule 4120 shall not exceed 100 percent of the aggregate credit extended reduced by any amount deducted in computing net capital under SEC Rule 15c3-1 and, if applicable, Rule 4110(a).

#### Day Trading

FINRA proposes to adopt Supplementary Material .30 and .60 from Incorporated NYSE Rule 431 regarding day trading in proposed FINRA Rule 4210(f)(8)(B). FINRA proposes to integrate Supplementary Material .60 from Incorporated NYSE Rule 431 in FINRA Rule 4210(f)(8)(B)(iii) to provide that the day-trading buying power for non-equity securities may be computed using the applicable special maintenance margin requirements pursuant to other provisions of the margin rule. In addition, FINRA proposes to adopt Supplementary Material .30 from Incorporated NYSE Rule 431 as FINRA Rule 4210(f)(8)(B)(iv)b. to provide that in the event that the member at which a customer seeks to open an account or resume day trading in an existing account, knows or has a reasonable basis to believe that the customer will engage in pattern day trading, then the minimum equity required (\$25,000) must be deposited in the account prior to commencement of day trading. FINRA also proposes to relocate

paragraph (f)(8)(C) of NASD Rule 2520 into FINRA Rule 4210(f)(8)(B)(iii) that specifies that day trading deficiencies must be met within five business days of the trade date.

#### Portfolio Margining

FINRA proposes to amend FINRA Rule 4210(g)(5) to highlight to members that portfolio margin-eligible participants, in addition to being required to be approved to engage in uncovered short option contracts pursuant to FINRA Rule 2360, must be approved to engage in security futures transactions pursuant to FINRA Rule 2370.

#### Conforming Amendments

FINRA proposes to add the terms “approved market maker,” “market maker” and “market making” to FINRA Rule 4210(f)(10)(F) to conform to rule changes made by the NYSE.<sup>11</sup> The NYSE changes were made in connection with the operation of the NYSE’s Market Model.<sup>12</sup> As a result of the implementation of these changes, the NYSE amended several of its rules, including NYSE Rule 431(f)(10)(F), to add the terms “approved market maker,” “market maker” and “market making” to reflect the current DMMs operating on the NYSE. FINRA also proposes amending the definitions of the same terms used in FINRA Rule 4210(e)(5)(A) and (f)(10)(E) for consistency purposes.

#### Clarifying and Technical Amendments

Finally, FINRA proposes to make several technical changes to the margin

rule text to update terminology and similar clarifications. First, FINRA proposes to add definitions to FINRA Rule 4210(f)(2)(A) regarding “listed” and “OTC” options and employ such terms throughout FINRA Rule 4210(f)(2).<sup>13</sup> FINRA is not proposing any substantive changes to the margin requirements for listed or over-the-counter options; rather, the proposed rule change would make the rule easier to read by creating such definitions and using the terms consistently throughout the rule text.

Second, in proposed FINRA Rule 4210(f)(2)(I)(iv), FINRA proposes several clarifications to terminology where no margin may be required if the specified options or warrants are carried “short” in the account of a customer, against an escrow agreement, and either are held in the account at the time the options or warrants are written, or received in the account promptly thereafter. The proposed rule change would clarify that with respect to such options or warrants, an escrow agreement is used, in a form satisfactory to FINRA, issued by a third party custodian bank or trust company, and in compliance with the requirements of Rule 610 of The Options Clearing Corporation. The corresponding provisions in Incorporated NYSE Rule 431<sup>14</sup> used the terms “letter of guarantee” and “escrow receipt” while NASD Rule 2520 used the term “letter of guarantee.” While in this context such terms generally were used interchangeably, FINRA proposes to use the term “escrow agreement” to eliminate any potential confusion.<sup>15</sup> The proposed rule change also would replace the term “guarantor” with the term “custodian” to more accurately reflect the third party’s role. In addition, the proposed rule change would revise the definition of what constitutes a qualified security by eliminating the reference to the list of Over-the-Counter Margin Stocks published by the Board of Governors of the Federal Reserve System as the Federal Reserve no longer publishes such a list.

Third, the proposed rule change would insert the term “aggregate” before exercise price throughout proposed

FINRA Rule 4210(f)(2)(H) and (f)(2)(N) to clarify a calculation must be made in the strategies and spreads that are noted (*i.e.*, offsets, reverse conversions, butterfly spread, *etc.*). Finally, the proposed rule change would make various non-substantive changes to reflect the formatting, presentation and style conventions used in the Consolidated FINRA Rulebook.

#### Daily Record of Margin Requirements—Incorporated NYSE Rule 432(a)

FINRA proposes to adopt Incorporated NYSE Rule 432(a) (Daily Record of Required Margin) as FINRA Rule 4220 in substantially the form it exists today. Incorporated NYSE Rule 432(a) sets forth the requirements for daily recordkeeping of initial and maintenance margin calls that are issued pursuant to Regulation T and the margin rules. There is no corresponding NASD rule. FINRA believes that this is an important requirement to heighten FINRA’s ability to monitor members’ margin call practices. In addition, Incorporated NYSE Rule 432(b) prohibits a member from allowing a customer to make a practice of satisfying initial margin calls by the liquidation of securities. However, this provision is substantially similar to the provision in proposed FINRA Rule 4210(f)(7), except that the proposed FINRA rule provision does not contain the exception for omnibus accounts. Accordingly, FINRA proposes to eliminate Incorporated NYSE Rule 432(b) and modify paragraph (f)(7) of FINRA Rule 4210 to add that the prohibition on liquidations shall not apply to any account carried on an omnibus basis as prescribed by Regulation T.

Required Submissions of Requests for Extension of Time Under Regulation T and SEC Rule 15c3–3—NASD Rule 3160 and Incorporated NYSE Rule 434

FINRA proposes to adopt NASD Rule 3160 (Extensions of Time Under Regulation T and SEC Rule 15c3–3) as FINRA Rule 4230 with one modification discussed below and delete the substantively similar Incorporated NYSE Rule 434 (Required Submission of Requests for Extensions of Time for Customers). NASD Rule 3160 and Incorporated NYSE Rule 434 set forth requirements governing members’ requests for extensions of time, as permitted in accordance with Regulation T and SEC Rule 15c3–3(n). These rules provide that when FINRA is the designated examining authority for a member, requests for extensions of time must be submitted to FINRA for approval, in a format FINRA requires. In addition, NASD Rule 3160 requires each

<sup>11</sup> See Securities Exchange Act Release No. 59077 (December 10, 2008), 73 FR 76691 (December 17, 2008) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change by New York Stock Exchange LLC Amending Exchange Rule 104T to Make a Technical Amendment to Delete Language Relating to Orders Received by NYSE Systems and DMM Yielding; Clarifying the Duration of the Provisions of Rule 104T; Making Technical Amendments to Rule 98 and Rule 123E to Update Rule References for DMM Net Capital Requirements; Rescinding Paragraph (g) of Rule 123; and Making Conforming Changes to Certain Exchange Rules to Replace the Term “Specialist” with “DMM”; File No. SR–NYSE–2008–127).

<sup>12</sup> See Securities Exchange Act Release No. 58845 (October 24, 2008), 73 FR 64379 (October 29, 2008) (SEC Approval Order of SR–NYSE–2008–46 approving certain rules to operate as a pilot scheduled to end October 1, 2009); see also Securities Exchange Act Release No. 60756 (October 1, 2009), 74 FR 51628 (October 7, 2009) (SR–NYSE–2009–100); Securities Exchange Act Release No. 61031 (November 19, 2009), 74 FR 62368 (November 27, 2009); and Securities Exchange Act Release No. 61724 (March 17, 2010), 75 FR 14221 (March 24, 2010) (extending the operation of the pilot until the earlier of the SEC approval to make permanent or September 30, 2010). As part of this new model, the functions formerly carried out by specialists on the NYSE were replaced by a new market participant, known as a Designated Market Maker (“DMM”).

<sup>13</sup> The term “listed” as used with reference to a call or put option contract would mean an option contract that is traded on a national securities exchange and issued and guaranteed by a registered clearing agency. The term “OTC” as used with reference to a call or put option contract would mean an over-the-counter option contract that is not traded on a national securities exchange and is issued and guaranteed by the carrying broker-dealer. Accordingly, the proposed rule change would delete as unnecessary certain descriptive references in NASD Rule 2520(f)(2) to listed and OTC options.

<sup>14</sup> See Incorporated NYSE Rule 431(f)(2)(H)(iv).

<sup>15</sup> Such approach also is consistent with the CBOE rules. See CBOE Rule 12.3(d).

clearing member that submits extensions of time on behalf of broker-dealers for which it clears to submit a monthly report to FINRA that indicates overall ratios of requested extensions of time to total transactions that have exceeded a percentage specified by FINRA.<sup>16</sup> FINRA monitors the number of Regulation T and SEC Rule 15c3-3 extension requests for each firm to determine whether to impose prohibitions on further extensions of time.<sup>17</sup>

FINRA proposes to add a provision to proposed FINRA Rule 4230 to clarify that for the months when no broker-dealer for which a clearing member clears exceeds the extension of time ratio criteria (*i.e.*, 2%), the clearing member must submit a report indicating such. FINRA had previously requested such submissions but believes the submissions are essential to ensure FINRA has a complete and accurate understanding of correspondent firm extension requests.

As noted above, FINRA will announce the implementation date of the proposed rule change in a *Regulatory Notice* to be published no later than 90 days following Commission approval. The implementation date will be no later than 180 days following Commission approval.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>18</sup> 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 clarify and streamline the margin requirements applicable to its members, as well as those rules addressing extension of time requests under Regulation T and SEC Rule 15c3-3.

<sup>16</sup> See *Notice to Members* 06-62 (November 2006). FINRA would retain the reporting threshold specified in *Notice to Members* 06-62 of requiring a report for all introducing or correspondent firms that have overall ratios of requests for extensions of time to total transactions for the month that exceed 2%. In the event FINRA adjusts the reporting threshold, or the limitation threshold stated in note 16 below, it would advise members of the new parameters in a *Regulatory Notice*.

<sup>17</sup> See *supra* note 15. FINRA will continue to prohibit further extension of time requests for (1) introducing or correspondent firms that exceed a 3% ratio of the number of extension of time requests to total transactions for the month and (2) clearing firms that exceed a 1% ratio of extension of time requests to total transactions.

<sup>18</sup> 15 U.S.C. 78o-3(b)(6).

## 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

Within 35 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 such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

## IV. Solicitation of Comments

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

### Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2010-024 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-FINRA-2010-024. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent

amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of 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-2010-024 and should be submitted on or before June 29, 2010.

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

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-62204; File No. SR-CBOE-2010-049]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Eligible Order Types

June 2, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 25, 2010, the Chicago Board Options Exchange, Incorporated ("Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of

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

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.