

#### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act<sup>7</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>8</sup> that the proposed rule change (File No. SR–OCC–2010–09) be and hereby is approved.<sup>9</sup>

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–62959; File No. SR–BX–2010–065]

#### Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Provide an Additional Order Type Which Will Give Options Participants Greater Control Over the Circumstances in Which Their Orders Are Executed

September 21, 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 September 13, 2010, 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 self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

#### I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Chapter V, Section 14 (Order Entry) of the Rules of the Boston Options Exchange Group, LLC (“BOX”) to provide an additional order type which

will give Options Participants greater control over the circumstances in which their orders are executed. 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 self-regulatory organization 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 provide an additional order type, the “Session Order”, which will give Options Participants greater control over the circumstances in which their orders are cancelled or executed. By designating the Session Order duration type for an order, an Options Participant will be able to specify on an order by order basis that the designated Session Order it has sent to BOX should be cancelled as soon as the Options Participant loses its connection to the BOX system and its ability to either directly modify or cancel the order.<sup>3</sup> The proposal will offer protection to Options Participants’ orders in the event that they lose communication with the BOX Trading Host<sup>4</sup> due to a loss of connectivity between their system and BOX or when there is a disconnection between internal BOX components.

An order sent to BOX with this Session Order duration type will remain active in the BOX trading system until one of the following events (“Triggering Event”) occurs:

- The connection between the Options Participant and BOX that was used to enter the order is interrupted;
- There is a disconnection between internal BOX components used to process orders, causing a component to lose its connection to the Options Participant or the Trading Host while in possession of the Session Order;
- A component of the Trading Host experiences a system error in which it is unable to process open orders while in possession of the Session Order.

Upon the occurrence of one of these Triggering Events, meaning the Options Participant has lost its ability to either directly modify or cancel the order, only those Session Orders residing in the affected BOX internal system(s) will be automatically cancelled by BOX. Any Triggering Events are connection or component specific. Therefore, when a particular external connection between BOX and the Options Participant is interrupted, only those Session Orders that came through the interrupted connection will be automatically cancelled by BOX. Similarly, when the Triggering Event is a disconnection between internal BOX components, the BOX system will only automatically cancel Session Orders related to the component that is not “responding”. The cancellation of the Session Orders from an affected connection will neither impact nor determine the treatment of the orders of the same or other Options Participants entered into the Trading Host via a separate and distinct connection. All Session Orders will be cancelled at the end of the normal trading day.

A Session Order will not be cancelled and shall remain active in the BOX market if the order is not allowed to be cancelled pursuant to another BOX Rule or it is in one of the following BOX system processes when a Triggering Event occurs:

- The order is being exposed to the BOX market pursuant to the NBBO trade through filter process;<sup>5</sup>
- The order is a Directed Order to which the Executing Participant has not yet responded;<sup>6</sup>
- The order has been routed to an away exchange pursuant to the Routing Rules.<sup>7</sup>

When a Session Order is automatically cancelled, BOX will immediately generate a cancellation message to notify the Options Participant that its order is no longer active. After the Session Order(s) are

<sup>7</sup> 15 U.S.C. 78q–1.

<sup>8</sup> 15 U.S.C. 78s(b)(2).

<sup>9</sup> In approving the proposed rule change, the Commission considered the proposal’s impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>10</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.

<sup>3</sup> Session Order duration type is not available for PIP Orders, Primary Improvement Orders or Improvement Orders. See proposed Section 16(d)(3) of Chapter V of the BOX Rules.

<sup>4</sup> References herein to the term Trading Host will have the meaning as set forth in Section 1(a)(67) of Chapter I of the BOX Rules.

<sup>5</sup> See Section 16(b) of Chapter V of the BOX Rules.

<sup>6</sup> See Section 5(c)(ii) of Chapter VI of the BOX Rules.

<sup>7</sup> See Section 5 of Chapter XII of the BOX Rules.

automatically cancelled for an Options Participant that lost its connection to BOX, and upon a reconnection to the Options Participant and the Trading Host on the same trading day, the Options Participant will be able to retrieve any Session Order cancellation notices when it reconnects.

BOX will inform Options Participants via Information Circular about the functionality and use of the Session Order duration type and the implementation date prior to its implementation in the BOX trading system.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,<sup>8</sup> in general, and Section 6(b)(5) of the Act,<sup>9</sup> 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. In particular, the Exchange believes that this proposed rule change will benefit the marketplace and protect investors because it will reduce the risk of erroneous or stale orders on the BOX Book in the event that an Options Participant loses connectivity with the Trading Host. Furthermore, the proposed Session Order will provide for the protection of Options Participants and their customers, who must bear the burden of market risk for stale orders caused by circumstances outside of their control, as well as for the protection of investors and the efficiency and fairness of the market as a whole.

### 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 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

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

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

## III. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Because the foregoing rule does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change or such shorter time as designated by the Commission, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and Rule 19b-4(f)(6) thereunder.<sup>11</sup>

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

## 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-BX-2010-065 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.

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires that a self-regulatory organization submit to the Commission written notice of its intention 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 filing of the proposed change, or such shorter time as designated by the Commission. The Commission notes that the Exchange has satisfied this requirement.

All submissions should refer to File Number SR-BX-2010-065. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, located at 100 F Street, NE., Washington, DC 20549, on 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-2010-065 and should be submitted on or before October 18, 2010.

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

**Florence E. Harmon,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-62954; File No. SR-BX-2010-066]

### Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing of a Proposed Rule Change To Enhance Quotation Requirements for Market Makers

September 20, 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 September 17, 2010, NASDAQ OMX

<sup>12</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.