

securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. In particular, the filing makes transparent uniform fees imposed for latency measurement services.

In addition, the Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁷ in general, and with Section 6(b)(4) of the Act,⁸ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls. In particular, the Exchange notes that the use of Correlix latency measurement services is entirely voluntary and made available on a non-discriminatory basis.

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

BX 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, as amended.

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

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act and paragraph (f)(6) of Rule 19b-4 thereunder, in that the proposed rule change: (i) Does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided the self-regulatory organization has given the Commission 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.

The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The Commission notes that the Correlix service and its fee sharing model have been previously approved by the Commission for other markets.⁹ Waiver of the 30-day operative delay will ensure that the free period is made available to all interested parties without delay. Accordingly, the Commission designates the proposed rule change operative upon filing with the Commission.¹⁰

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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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. Please include File Number SR-BX-2010-072 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-2010-072. This file number should be included on the subject line if e-mail is used. To help the

⁹ See Exchange Act Release Nos. 62605 (July 30, 2010) (Approval of Correlix fee sharing for NASDAQ Exchange), 62928 (September 17, 2010) (Approval of Correlix fee sharing for EDGEX Exchange), and 62929 (September 17, 2010) (Approval of Correlix fee sharing for EDGEX Exchange).

¹⁰ For the 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. 78(c)(f).

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 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-2010-072, and should be submitted on or before November 26, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Florence E. Harmon,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63222; File No. SR-OCC-2010-18]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Accommodate Index Futures That Are Settled in a Non-U.S. Currency

November 1, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 22, 2010, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I and II below, which items have been prepared

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(4).

primarily by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The purpose of the proposed rule change is to revise OCC's By-Laws and Rules to accommodate index futures that are settled in a non-U.S. currency. NYSE Liffe US, LLC ("NYL") is proposing to introduce for trading futures contracts on certain broad-based securities indexes which are settled in Euros ("Euro-Settled Futures"). The proposed rule amendments are drafted generically to apply to other futures contracts that are settled in a non-U.S. currency and in a similar manner.

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

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

Futures variation payments typically are settled on each business day based on a price established on the prior business day. However, because of time zone differences and the planned use of accounts at North American and European clearing banks, variation settlements, including final variation settlement, with respect to Euro-Settled Futures will occur on the second business day following the date as of which the settlement value is determined (*i.e.*, a "T+2" basis). Settlement times will vary depending on the clearing bank through which settlement is effected and in any case will differ from those used for option premiums.

To accommodate Euro-Settled Futures, which will settle only on days in which both OCC and the relevant clearing banks are open for business, OCC proposes to provide for a definition of "business day" in respect of such

futures which is different from that used in OCC's By-Laws, and to revise its rules governing variation payments and add an interpretation and policy to those rules to accommodate the two-day settlement cycle for Euro-Settled Futures and other futures settled in a currency other than the U.S. dollar. In order to address the possibility that a Clearing Member might fail to meet a settlement obligation in a non-U.S. currency and to avoid the need for OCC to have credit facilities in non-U.S. currencies, OCC reserves the right to make settlement in the U.S. dollar equivalent of the non-U.S. currency if necessary, and, in addition to taking any other actions authorized under its By-Laws and Rules, to draft the Clearing Member's U.S. dollar bank account for equivalent funds, which payment will be deemed to satisfy the Clearing Member's settlement obligation. In order to discourage Clearing Members from failing to settle in the non-U.S. currency and thereby potentially imposing hardship on other Clearing Members, OCC reserves the right to fine or discipline Clearing Members that fail to settle.

In addition, OCC and NYL propose to enter into Schedule C-2 under the Agreement for Clearing and Settlement Services, dated March 9, 2009, between OCC and NYL to accommodate the Euro-Settled Futures.

OCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act³ and the rules and regulations thereunder applicable to OCC because it provides for the prompt and accurate clearance and settlement of securities transactions, ensures the protection of investors and reduces unnecessary costs and burdens on them and persons facilitating transactions on their behalf. It does so by accommodating the two-day settlement date for such futures necessitated by the use of European banks and time zone differences.

(B) Self-Regulatory Organization's Statement on Burden on Competition

OCC does not believe that the proposed rule change will have any impact on or impose any burden on competition.

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

No written comments relating to the proposed rule change have been solicited or received. OCC will notify

the Commission of any written comments received by OCC.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iv) of the Act⁴ and Rule 19b-4(f)(4)⁵ thereunder because it effects a change in an existing service of OCC that does not (i) adversely affect the safeguarding of securities or funds in OCC's custody or control or for which OCC is responsible or (ii) significantly affect the respective rights or obligations of OCC or persons using the service. Euro-Settled Futures are futures within the exclusive jurisdiction of the U.S. Commodity Futures Trading Commission ("CFTC"), and OCC will therefore clear Euro-Settled Futures in its capacity as a registered derivatives clearing organization under the CFTC's regulatory jurisdiction. This rule change will not affect the safeguarding of funds or securities in OCC's possession because OCC will apply the same procedures and safeguards to the clearing of these contracts that it does to the clearing of securities options and security futures over which the Commission has direct regulatory authority. The respective rights and obligations of OCC and Clearing Members with respect to matters within the Commission's jurisdiction will be unaffected.

At any time within sixty days of the filing of such 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. Please include File Number SR-OCC-2010-18 on the subject line.

² The Commission has modified the text of the summaries prepared by OCC.

³ 15 U.S.C. 78q-1.

⁴ 15 U.S.C. 78s(b)(3)(A)(iv).

⁵ 17 CFR 240.19b-4(f)(4).

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-OCC-2010-18. 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 changes 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, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filings also will be available for inspection and copying at the principal office of OCC and on OCC's Web site at <http://www.theocc.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-OCC-2010-18 and should be submitted on or before November 26, 2010.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.⁶

Florence E. Harmon,
Deputy Secretary.

[FR Doc. 2010-28059 Filed 11-4-10; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63217; File No. SR-OCC-2010-14]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving Proposed Rule Change To Revise Its Rules To Expand the Forms of Collateral Eligible for Incorporation in the System for Theoretical Analysis and Numerical Simulations Risk Management Methodology

November 1, 2010.

I. Introduction

On August 25, 2010, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-OCC-2010-14 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder.² The proposed rule change was published in the **Federal Register** on September 13, 2010. No comment letters were received on the proposal. This order approves the proposal.

II. Description

This rule change revises OCC's Rules to expand the forms of collateral eligible for incorporation in OCC's System for Theoretical Analysis and Numerical Simulations ("STANS") risk management methodology.

The rule change alters Interpretation and Policy .06 to Rule 601 in connection with expanding the forms of collateral eligible for incorporation in the STANS risk management methodology. Prior to the rule change, OCC incorporated common stock and ETFs³ in the STANS margin calculation process.⁴ When OCC began including common stock and ETFs in the STANS margin calculation process, it noted its belief that the procedure would more accurately measure risk in Clearing Members' accounts and thereby permit OCC to more precisely set margin requirements to reflect that risk. For those same reasons, OCC will now incorporate certain fixed-income, "government securities" into the STANS margin calculation process.

The specific amendments to OCC's Rules that facilitate incorporation of government securities into the STANS

margin calculation process can be found at http://www.optionsclearing.com/components/docs/legal/rules_and_bylaws/sr_occ_10_14.pdf.

OCC will now incorporate in phases certain "government securities" into the STANS margin calculation beginning with U.S. Government securities.⁵ Treasury Inflation Protected Securities and callable U.S Treasury Securities will be excluded from the initial phase, as will be Canadian government securities and GSE debt securities.⁶

Currently, government securities deposited as collateral to satisfy margin requirements are priced on a nightly basis and are assigned a value equal to their current market value less an applicable haircut based on the term to maturity. While this method of valuing collateral has generally served OCC well in the past, OCC believes analyzing cleared positions and margin assets as a single portfolio using STANS provides a more accurate valuation of the Clearing Members' securities deposited as collateral in relation to other account positions. As when OCC began including common stocks and ETFs in the STANS calculation, OCC believes phasing in government securities will align risk-management techniques utilized to manage market risk of cleared positions, for example for Treasury futures contracts, with those techniques used to value margin deposits.

The inclusion of government securities into STANS will be implemented using an approach similar to that used when common stocks and ETFs were added into STANS. The value of the securities deposited in a Clearing Member's account will be determined along with the risk on the margin assets on a portfolio basis with reference to the volatility and correlation of each deposited security to the other positions in the account. Given the conservative nature of the current haircuts applied to deposits of government securities, OCC anticipates a modest increase in their collateral valuation upon the implementation of this change.

As a part of this rule change, OCC will apply a portfolio specific adjustment factor when determining whether there is sufficient margin excess in an account. This will enable OCC to release margin collateral to a Clearing Member on an intraday basis. The adjustment factor is account and security specific

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ ETFs fall within the definition of "fund shares" as that term is defined in Article I, Section 1 of OCC's By-Laws.

⁴ Securities Exchange Act Release No. 34-58158 (July 15, 2008), 73 FR 42626

(July 22, 2008) (SR-OCC-2007-20).

⁵ This would include but would not be limited to Government securities and GSE debt securities.

⁶ The government securities being initially excluded will be evaluated by OCC for possible inclusion in STANS as appropriate models are developed.

⁶ 17 CFR 200.30-3(a)(12).