

an official communication directly from the agency that contributed the original information, the FBI's Identification Division makes any changes necessary in accordance with the information supplied by that agency. The licensee must allow an individual at least 10 days to initiate an action challenging the results of an FBI criminal history records check after the record is made available for his or her review. The licensee may make a final SGI access determination based upon the criminal history record only upon receipt of the FBI's ultimate confirmation or correction of the record. Upon a final adverse determination on access to SGI, the licensee shall provide the individual its documented basis for denial. The licensee shall not grant an individual access to SGI during the review process.

#### *Protection of Information*

Each licensee who obtains a criminal history record on an individual under this Order shall establish and maintain a system of files and procedures for protecting the record and the personal information from unauthorized disclosure.

The licensee may not disclose the record or personal information that it collects and maintains to persons other than the subject individual or his or her representative or to those who have a need to access the information in performing assigned duties in the process of determining access to SGI. No individual authorized to have access to the information may disseminate the information to any other individual who does not have a need to know.

The licensee may transfer personal information obtained on an individual from a criminal history records check to another licensee if the licensee holding the criminal history records check receives the individual's written request to disseminate the information contained in his or her file and if the current licensee verifies information such as the individual's name, date of birth, Social Security number, sex, and other applicable physical characteristics for identification purposes.

The licensee shall make criminal history records, obtained under this section, available for examination by an authorized representative of the NRC to determine compliance with the regulations and laws.

The licensee shall retain all fingerprint and criminal history records that it receives from the FBI or a copy of these records if the individual's file has been transferred for 3 years after termination of employment or upon determination of access to SGI (whether access was approved or denied). After

the required 3-year period, the licensee shall destroy these documents by a method that will prevent the reconstruction of the information in whole or in part.

[FR Doc. 2010-30221 Filed 11-30-10; 8:45 am]

**BILLING CODE 7590-01-P**

## **POSTAL SERVICE**

### **Product Change—Parcel Return Service Negotiated Service Agreement**

**AGENCY:** Postal Service™.

**ACTION:** Notice.

**SUMMARY:** Postal Service notice of filing of a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List pursuant to 39 U.S.C. 3642 and 3632(b)(3).

**DATES:** December 1, 2010.

**FOR FURTHER INFORMATION CONTACT:**

Elizabeth A. Reed, 202-268-3179.

**SUPPLEMENTARY INFORMATION:** The United States Postal Service® hereby gives notice that on November 17, 2010, it filed with the Postal Regulatory Commission a Request of the United States Postal Service to Add Parcel Return Service Contract 2 to Competitive Product List and Notice of Filing (Under Seal) of Contract and Supporting Data. Documents are available at <http://www.prc.gov>, Docket Nos. MC2011-6 and CP2011-33.

**Neva R. Watson,**

*Attorney, Legislative.*

[FR Doc. 2010-30185 Filed 11-30-10; 8:45 am]

**BILLING CODE 7710-12-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-63367; File No. SR-Phlx-2010-163]

### **Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NASDAQ OMX PHLX LLC Relating to Obvious Errors Respecting Complex Trades**

November 23, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on November 17, 2010, NASDAQ OMX PHLX LLC ("Phlx" or "Exchange") 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 the Exchange. 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, pursuant to Section 19(b)(1) of the Act<sup>3</sup> and Rule 19b-4 thereunder,<sup>4</sup> proposes to amend Rule 1092, Obvious Errors and Catastrophic Errors, to address obvious and catastrophic errors involving complex orders.

The text of the proposed rule change is available on the Exchange's website at <http://www.nasdaqtrader.com/micro.aspx?id=PHLXRulefilings>, at the principal office of the Exchange, on the Commission's Web site at <http://www.sec.gov>, 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, 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**

The purpose of the proposed rule change is to mitigate the risk to parties using complex orders, where part or all of a complex order traded at an erroneous price; specifically, the proposal addresses the situation where one component (or leg) of a complex order is deemed an obvious (or catastrophic) error but the other component(s) is (are) not.

##### **Background**

Complex orders are orders with more than one component, and take many

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(1).

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

forms, such as spreads and straddles.<sup>5</sup> Complex orders have been trading electronically on the Exchange's trading system since 2008.<sup>6</sup> At this time, the Exchange is proposing to amend its Rule 1092 to address complex orders that have at least one leg that trades at an erroneous price. Rule 1092 is the Exchange's rule that governs obvious errors and catastrophic errors in options. Most options exchanges have similar but not identical rules; this proposal would adopt a new process of determining how to deal with obvious/catastrophic errors when a complex order trades with another complex order.

Rule 1092 provides a framework for reviewing the price of a transaction to determine whether that price was an "obvious error"<sup>7</sup> pursuant to objective standards. When a participant believes he/she received one or more executions at an erroneous price, a participant may notify the Options Exchange Officials ("OEOs") and request the review of a trade as a possible obvious error.<sup>8</sup> An obvious error will be deemed to have occurred when the execution price of a transaction is higher or lower than the theoretical price for a series by a certain amount depending on the type of option. OEOs use one of three criteria when determining the theoretical price of an options execution, which is enumerated in Rule 1092(b). The theoretical price is then compared to an obvious/catastrophic error chart within Rule 1092(a). If the transaction price meets this threshold, the transaction may be adjusted or nullified.

#### Proposal

The proposal at hand would permit all legs of a complex order execution to be nullified when one leg can be nullified under this Rule, only if the execution was a complex order versus a complex order (such that all of the same parties are involved in the trade).<sup>9</sup> This occurs when a complex order executes against another complex order, with each piece executing through the System against each other. For example, assume a customer trades a call spread at a net price of \$.50 by buying the January 50 calls at \$3.00 and selling the January 55 calls at \$2.50. If the January 50 calls should have been trading at

\$7.00 and thus meet the obvious error threshold in Rule 1092, then the entire complex trade will be nullified only if the January 50 and 55 calls traded as a complex order against another complex order, rather than as two separate trades. Currently, once the trade involving the January 50 calls is nullified, both parties are stuck with a transaction in the January 55 calls, which was not intended by either. This proposal to nullify all the components of a complex order that traded with another complex order provides an important benefit to both parties, neither of whom intended to end up with just one option.

This proposal does not address complex orders that do not trade against other complex orders. Sometimes complex orders are executed by the System by "legging" or executing the component parts against other individual, unrelated orders/quotes rather than a single complex order with the same component parts.<sup>10</sup> The benefit of the legging feature of the Exchange's complex order system is that it increases the likelihood that a complex order will be executed. Nevertheless, it is possible, at times, that after such a trade, only one leg of a complex order may meet the obvious error threshold; thus, this could result in a residual position of a single leg, rather than a complete complex order execution. This will not change under this proposal.

In sum, Rule 1092 is proposed to be amended as enumerated above in order to mitigate risk for parties of a complex order where a complex order traded with another complex order at an erroneous price. By creating uniformity for all trades that are "complex to complex," parties will have less trading risk because all of the components will be nullified under the proposal.

In addition, the Exchange also proposes to make three minor corrections: (i) A reference in Rule 1092(b)(ii) to Rule 1014(c)(1)(A)(i)(a) is inverted and should instead say Rule 1014(c)(i)(A)(1)(a); (ii) the words "obvious error" in Rule 1092(e)(i)(B) are being capitalized to match the rest of the rule; and (iii) a reference to "AUTOM" in Rule 1092(e)(ii) is outdated and will be deleted, leaving reference to the "Help Desk."

#### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>11</sup> in general, and furthers the

objectives of Section 6(b)(5) of the Act<sup>12</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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, by improving the obvious error process for complex orders that trade with other complex orders. Recognition that a trade is part of a complex order should help add more certainty to the obvious/catastrophic error process and reduce the risk to parties trading on the Exchange.

#### 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

No written comments were either solicited or received.

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

Within 45 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 Exchange consents, the Commission shall: (a) By order approve or disapprove 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 Exchange 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-Phlx-2010-163 on the subject line.

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>5</sup> See Rule 1080.08.

<sup>6</sup> See Securities Exchange Act Release No. 58361 (August 14, 2008), 73 FR 49529 (August 21, 2008) (SR-Phlx-2008-50). Complex orders have long been executed on the trading floor verbally using contingent orders and the rules that apply to such executions.

<sup>7</sup> This proposal also covers catastrophic errors.

<sup>8</sup> See Rule 1092(e).

<sup>9</sup> See proposed Rule 1092(c)(v)(A).

<sup>10</sup> In the example above, the January 50 calls would be purchased from seller A and the January 55 calls sold to buyer B, both of whom are just bidding/offering one option, not a complex order.

<sup>11</sup> 15 U.S.C. 78f(b).

## 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-Phlx-2010-163. 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 the 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-Phlx-2010-163 and should be submitted on or before December 22, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

**Elizabeth M. Murphy,**

*Secretary.*

[FR Doc. 2010-30225 Filed 11-30-10; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63372; File No. SR-Phlx-2010-162]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NASDAQ OMX PHLX LLC Relating to Price Improvement (PIXL) Fees

November 24, 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 November 18, 2010, NASDAQ OMX PHLX LLC ("Phlx" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III 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 Exchange proposes to amend and supersede its pricing applicable to members utilizing the Exchange's price improvement mechanism known as Price Improvement XL or (PIXL<sup>®</sup>).

While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative for transactions settling on or after November 22, 2010.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqtrader.com/micro.aspx?id=PHLXfilings>, at the principal office of the Exchange, 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, 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 those 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 parts of such statements.

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

##### 1. Purpose

The purpose of the proposed rule change is to amend and supersede the current fees assessed for orders known as PIXL Orders<sup>3</sup> and Initiating Orders.<sup>4</sup> The Exchange intends to place a cap on the maximum fee that would be assessed to market participants for utilizing the price improvement mechanism. The Exchange also proposes to amend the fee assessed for Initiating Orders.

Currently, the Exchange assesses PIXL fees on Customers, Directed Participants,<sup>5</sup> Specialists,<sup>6</sup> Streaming Quote Traders ("SQT"),<sup>7</sup> Remote Streaming Quote Traders ("RSQT"),<sup>8</sup> Firms and Broker-Dealers. All options traded on the Exchange are eligible for PIXL.

The Exchange assesses a fee of \$0.05 per contract when an Initiating Order executes against a PIXL Order in the symbols listed in Section I, the Fees and Rebates for Adding and Removing Liquidity in Select Symbols<sup>9</sup> (known as "Select Symbols"), and the symbols defined in Section II<sup>10</sup> ("Section II

<sup>3</sup> A member may electronically submit for execution an order it represents as agent on behalf of a public customer, broker-dealer, or any other entity ("PIXL Order") against principal interest or against any other order (except as provided in subparagraph (n)(i)(E) below) it represents as agent ("Initiating Order") provided it submits the PIXL order for electronic execution into the PIXL Auction ("Auction") pursuant to Rule 1080. See Exchange Rule 1080(n).

<sup>4</sup> See footnote 3.

<sup>5</sup> See Exchange Rule 1080(l), " \* \* \* The term 'Directed Specialist, RSQT, or SQT' means a specialist, RSQT, or SQT that receives a Directed Order." A Directed Participant has a higher quoting requirement as compared with a specialist, SQT or RSQT who is not acting as a Directed Participant. See Exchange Rule 1014.

<sup>6</sup> A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a).

<sup>7</sup> A Streaming Quote Trader is defined in Exchange Rule 1014(b)(ii)(A) as an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned.

<sup>8</sup> A Remote Streaming Quote Trader is defined Exchange Rule in 1014(b)(ii)(B) as an ROT that is a member or member organization with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned.

<sup>9</sup> The Fees and Rebates for Adding and Removing Liquidity in Select Symbols are listed in Section I of the Fee Schedule.

<sup>10</sup> An equity option includes exchange-traded fund share ("ETF"), Holding Company Depository Receipt ("HOLDR"), Russell 2000(R) Index (the "Full Value Russell Index" or "RUT"), options on the one-tenth value Russell 2000<sup>®</sup> Index (the "Reduced

Continued

<sup>13</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.