

should refer to File Number SR-Phlx-2011-01 and should be submitted on or before February 10, 2011.

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

Elizabeth M. Murphy,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63711; File No. SR-ODD-2011-01]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Approval of Accelerated Delivery of Supplement to the Options Disclosure Document Reflecting Certain Changes to Disclosure Regarding Credit Default Options in, and Making Certain Technical Amendments to, the June 2007 Supplement to the Options Disclosure Document

January 12, 2011.

On October 25, 2010, The Options Clearing Corporation (“OCC”) submitted to the Securities and Exchange Commission (“Commission”), pursuant to Rule 9b-1 under the Securities Exchange Act of 1934 (“Act”),¹ five preliminary copies of a supplement to amend and restate the June 2007 Supplement to its options disclosure document (“ODD”) to reflect certain changes to disclosure regarding credit default options.² The supplement also proposes certain technical amendments.³ On December 21, 2010, the OCC submitted to the Commission five definitive copies of the January 2011 Supplement.⁴

The ODD currently contains general disclosures on the characteristics and risks of trading standardized options. The June 2007 Supplement amended the ODD to provide disclosure regarding credit default options in response to the Commission’s approval of Chicago Board Options Exchange’s (“CBOE”) proposal to list and trade credit default

options.⁵ In November 2010, the Commission approved a proposed rule change that, among other things, permits the CBOE to list credit default options that contemplate only a single credit event.⁶ The current proposed January 2011 Supplement amends the June 2007 Supplement disclosure to accommodate the listing of credit default options that contemplate only a single credit event, as now permitted under CBOE rules.⁷ In addition, the supplement proposes certain technical amendments, as described below, to the June 2007 Supplement. The January 2011 Supplement also restates the June 2007 Supplement, as amended, in its entirety.

Specifically, the proposed supplement to the June 2007 Supplement deletes the summary of the disclosure regarding the characteristics and risks of credit default options because this summary had previously been added to the ODD by the May 2010 Supplement. In addition, the proposed supplement amends the June 2007 Supplement to clarify that a listing options market has the ability to specify only a single credit event for automatic exercise of a series of credit default options, in addition to multiple credit events which were already disclosed in the June 2007 Supplement. Further, the OCC is proposing to make technical changes to the June 2007 Supplement by replacing the term “booklet” with “Booklet,” and to clarify the place in the ODD where the section entitled “Credit Default Options and Credit Default Basket Options” is inserted. The proposed supplement is intended to be read in conjunction with the more general ODD, which discusses the characteristics and risks of options generally.⁸

⁵ See Securities Exchange Act Release No. 55871 (June 6, 2007), 72 FR 32372 (June 12, 2007) (SR-CBOE-2006-84) (order approving CBOE’s proposed rules to list and trade credit default options); and Securities Exchange Act Release No. 56275 (August 17, 2007), 72 FR 47097 (August 22, 2007) (SR-CBOE-2007-26) (order approving CBOE’s proposed rules to list and trade credit default basket options).

⁶ See Securities Exchange Act Release No. 63352 (November 19, 2010), 75 FR 73155 (November 29, 2010) (SR-CBOE-2010-046) (order approving proposed rule change to amend certain rules pertaining to credit options).

⁷ The proposed January 2011 Supplement amends and restates the June 2007 Supplement to the February 1994 version of the booklet entitled “Characteristics and Risks of Standardized Options.”

⁸ The Commission notes that the options markets must continue to ensure that the ODD is in compliance with the requirements of Rule 9b-1(b)(2)(i) under the Act, 17 CFR 240.9b-1(b)(2)(i), including when changes regarding credit default options are made in the future. Any future changes to the rules of the options markets concerning credit default options would need to be submitted to the

Rule 9b-1(b)(2)(i) under the Act⁹ provides that an options market must file five copies of an amendment or supplement to the ODD with the Commission at least 30 days prior to the date definitive copies are furnished to customers, unless the Commission determines otherwise, having due regard to the adequacy of information disclosed and the public interest and protection of investors.¹⁰ In addition, five copies of the definitive ODD, as amended or supplemented, must be filed with the Commission not later than the date the amendment or supplement, or the amended ODD, is furnished to customers. The Commission has reviewed the proposed supplement and amendment and finds, having due regard to the adequacy of the information disclosed and the public interest and protection of investors, that they may be furnished to customers as of the date of this order.

It is therefore ordered, pursuant to Rule 9b-1 under the Act,¹¹ that definitive copies of the January 2011 Supplement and amendment to the ODD (SR-ODD-2011-01), reflecting changes to disclosure regarding credit default options and technical changes to the ODD, may be furnished to customers as of the date of this order.

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

Elizabeth M. Murphy,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63709; File No. SR-FINRA-2011-001]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Provide Additional Time To Report Certain Reportable TRACE Transactions and Waive Certain Transaction Reporting Fees

January 12, 2011.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

Commission under Section 19(b) of the Act. 15 U.S.C. 78s(b).

⁹ 17 CFR 240.9b-1(b)(2)(i).

¹⁰ This provision permits the Commission to shorten or lengthen the period of time which must elapse before definitive copies may be furnished to customers.

¹¹ 17 CFR 240.9b-1.

¹² 17 CFR 200.30-3(a)(39).

¹² 17 CFR 200.30-3(a)(12).

¹ 17 CFR 240.9b-1.

² See letter from Jean M. Cawley, Senior Vice President and Deputy General Counsel, OCC, to Sharon Lawson, Senior Special Counsel, Division of Trading and Markets (“Division”), Commission, dated October 22, 2010.

³ See *id.*

⁴ See letter from Jean M. Cawley, Senior Vice President and Deputy General Counsel, OCC, to Sharon Lawson, Senior Special Counsel, Division of Commission, dated December 20, 2010.

(“Act”)¹ and Rule 19b–4 thereunder,² notice is hereby given that on January 4, 2011, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as “establishing or changing a due, fee or other charge” under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b–4(f)(2) thereunder,⁴ which renders the proposal effective upon receipt of this filing by 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

FINRA is proposing to provide additional time (until February 28, 2011) for members to trade report certain TRACE transactions and waive transaction reporting fees concomitant with such transactions reported by that date. The proposed rule change would not make any change to the text of FINRA rules.

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.

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

1. Purpose

On September 28, 2009, the SEC approved SR–FINRA–2009–010⁵ which,

among other things, amended the FINRA Rule 6700 Series to: (1) Expand TRACE to include Agency Debt Securities⁶ as TRACE-Eligible Securities⁷ and primary market transactions as Reportable TRACE Transactions;⁸ (2) delete the criterion that TRACE-Eligible Securities must be “depository eligible securities under NASD Rule 11310(d),” effectively introducing TRACE reporting obligations for securities not assigned a common industry recognized identifier (“CUSIP”); and (3) require members to report transactions in Agency Debt Securities and primary market transactions. This rule change to the FINRA Rule 6700 Series, as amended, became effective on March 1, 2010.⁹

Due to operational and technical challenges introduced by trade reporting in securities not assigned a CUSIP, changes were needed to firms’ processes as well as to the TRACE system to facilitate TRACE trade reporting for those securities. TRACE-related changes were implemented by FINRA on December 1, 2010. FINRA is filing this proposed rule change to provide limited relief from the new TRACE trade reporting requirements (and transaction reporting fee obligations) for those Reportable TRACE Transactions in securities not identified by a CUSIP effected from March 1, 2010 (the effective date of SR–FINRA–2009–010) through November 30, 2010 (“Covered Reportable TRACE Transactions”). FINRA is providing additional time (until February 28, 2011) for members to trade report Covered Reportable TRACE Transactions and waiving transaction reporting fees concomitant with such transactions reported by that date.¹⁰

FINRA has filed the proposed rule change for immediate effectiveness. The operative date will be the date of filing.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions

of Section 15A(b)(5) of the Act,¹¹ which requires, among other things, that FINRA rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that FINRA operates or controls.

FINRA believes that the proposed rule change is appropriate in recognition of the operational and technical challenges introduced by trade reporting in securities not assigned a CUSIP. Therefore, delaying members’ trade reporting obligations until February 28, 2011 for Covered Reportable TRACE Transactions and waiving the transaction reporting fees applicable to such transactions provides a balanced resolution while requiring that all Covered Reportable TRACE Transactions are ultimately reported to FINRA.

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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act¹² and subparagraph (f)(2) of Rule 19b–4 thereunder,¹³ because it establishes a due, fee, or other charge imposed on its members by FINRA.

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b–4(f)(2).

⁵ See Securities Exchange Act Release No. 60726 (September 28, 2009), 74 FR 50991 (October 2, 2009) (Order Approving File No. SR–FINRA–2009–010).

⁶ See Rule 6710(l) for the definition of “Agency Debt Security.”

⁷ See Rule 6710(a) for the definition of “TRACE-Eligible Security.”

⁸ Rule 6710 (Definitions) provides that “Reportable TRACE Transaction” means any transaction in a TRACE-Eligible Security except transactions that are not reported as specified in Rule 6730(e). See FINRA Rule 6710(c).

⁹ See *Regulatory Notice* 09–57 (September 29, 2009) (SEC Approves Amendments Expanding TRACE to Include Agency Debt Securities and Primary Market Transactions).

¹⁰ Specifically, members will not be required to pay a Trade Reporting Fee or “As Of” Trade Late Fee under Rule 7730(b) (Transaction Reporting Fees) with respect to Covered Reportable TRACE Transactions if such transactions are reported to TRACE by February 28, 2011.

¹¹ 15 U.S.C. 78o–3(b)(5).

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b–4(f)(2).

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-FINRA-2011-001 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-2011-001. 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, 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 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-2011-001 and should be submitted on or before February 10, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Elizabeth M. Murphy,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63708; File No. SR-NYSEAmex-2011-03]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NYSE Amex LLC To Establish a \$5 Strike Price Program

January 12, 2011.

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 January 11, 2011, NYSE Amex LLC (the "Exchange" or "NYSE Amex") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II 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 proposes to adopt Commentary .12 to NYSE Amex Rule 903 to allow the Exchange to list and trade series in intervals of \$5 or greater where the strike price is more than \$200 in up to five (5) option classes on individual stocks. The text of the proposed rule change is available at the principal office of the Exchange, on the Commission's Web site at <http://www.sec.gov>, at the Commission's Public Reference Room, and <http://www.nyse.com>.

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this proposed rule change is to adopt Commentary .12 to Rule 903 to allow the Exchange to list and trade series in intervals of \$5 or greater where the strike price is more than \$200 in up to five (5) option classes on individual stocks ("\$5 Strike Price Program") to provide investors and traders with additional opportunities and strategies to hedge high priced securities, based on a recently approved rule change of NASDAQ OMX PHLX ("Phlx").³ The Exchange also proposes to adopt a provision recently adopted for Phlx that permits the Exchange to list \$5 strike prices on any other option classes designated by other securities exchanges that employ a \$5 Strike Program.⁴

Currently, Commentary .05 to Rule 903 permits strike price intervals of \$10 or greater where the strike price is greater than \$200.⁵ The Exchange is proposing to add the proposed \$5 Strike Program as an exception to the \$10 or greater language in Rule 903 Commentary .05. The proposal would allow the Exchange to list series in intervals of \$5 or greater where the strike price is more than \$200 in up to five (5) option classes on individual stocks. The Exchange specifically proposes to create new Commentary .12 to Rule 903 to provide:

The Exchange may list series in intervals of \$5 or greater where the strike price is more than \$200 in up to five (5) option classes on individual stocks. The Exchange may list \$5 strike prices above \$200 in any other option classes if those classes are specifically designated by other securities exchanges that employ a similar \$5 Strike Program under their respective rules.

The Exchange believes the \$5 Strike Price Program would offer investors a greater selection of strike prices at a lower cost. For example, if an investor wanted to purchase an option with an expiration of approximately one month, a \$5 strike interval could offer a wider choice of strike prices, which may result in reduced outlays in order to purchase the option. By way of illustration, using Google, Inc. ("GOOG") as an example, if

³ See Securities Exchange Act Release No. 63654 (January 6, 2011) (order approving SR-Phlx-2010-158).

⁴ See Securities Exchange Act Release No. 63658 (January 6, 2011) (notice of filing and immediate effectiveness of SR-Phlx-2011-02).

⁵ Commentary .05 permits strike intervals of \$2.50 or greater where the strike price is \$25 or less, and strike price intervals of \$5 or greater where the strike price is greater than \$25.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹⁴ 17 CFR 200.30-3(a)(12).