

Secretary of the Board, Julie S. Moore, at (202) 268-4800.

Julie S. Moore,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-64728; File No. SR-NYSEAmex-2011-39]

Self-Regulatory Organizations; NYSE Amex LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rule 17—NYSE Amex Equities To Codify Inbound Routing Functions Performed by Its Affiliate Broker-Dealer, Archipelago Securities LLC

June 23, 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 June 16, 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 NYSE Amex. 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 Rule 17—NYSE Amex Equities to codify inbound routing functions performed by its affiliate broker-dealer, Archipelago Securities LLC (“Arca Securities”). The text of the proposed rule change is available at the Exchange’s principal office, at <http://www.nyse.com>, at the Commission’s Public Reference Room, and at the Commission’s Web site at <http://www.sec.gov>.

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 Exchange proposes to amend Rule 17—NYSE Amex Equities to codify inbound routing functions performed by its affiliate broker-dealer, Arca Securities, which have previously been approved by the Commission.³

Background—Arca Securities Functions as Routing Broker

Arca Securities currently is the primary outbound and inbound routing broker for NYSE Amex. The outbound routing function for NYSE Amex is governed by Rules 13 and 17—NYSE Amex Equities.⁴ These rules permit NYSE Amex to utilize Arca Securities to route orders to an away market center for execution whenever such routing is required by Exchange Rules and Federal securities laws.⁵

The inbound routing function of Arca Securities currently is governed by a pilot program established to permit Arca Securities to route orders from NYSE and NYSE Arca to NYSE Amex.⁶ The pilot was extended and is currently scheduled to expire on September 30, 2011.⁷ The terms of the inbound routing

³ The Exchange’s affiliates, New York Stock Exchange, LLC (“NYSE”) and NYSE Arca, Inc. (“NYSE Arca”), are proposing substantially similar rule changes. See SR-NYSE-2011-24 and SR-NYSEArca-2011-38.

⁴ See Securities Exchange Act Release No. 58705 (October 1, 2008), 73 FR 58995 (October 8, 2008) (SR-Amex-2008-63). Rules 13 and 17—NYSE Amex Equities permit not only Arca Securities but also unaffiliated third-party broker-dealers to perform the outbound routing function, which serves as a risk management function in the event of a system malfunction or failure. As such, Rule 17 currently refers generically to “Routing Broker(s),” rather than just Arca Securities.

⁵ See Securities Exchange Act Release No. 59009 (November 24, 2008), 73 FR 73363 (December 2, 2008) (SR-NYSEALTR-2008-07).

⁶ See Securities Exchange Act Release No. 58673 (September 29, 2008), 73 FR 57707, 57716 (October 3, 2008) (SR-Amex-2008-62). See also Securities Exchange Act Release No. 58705 (October 1, 2008), 73 FR 58995 (October 8, 2008) (SR-Amex-2008-63).

⁷ See Securities Exchange Act Release Nos. 60751 (September 30, 2009), 74 FR 51630 (October 7, 2009) (SR-NYSEAmex-2009-67) (extending pilot from September 29, 2009 to December 31, 2009); 61269 (December 31, 2009), 75 FR 1097 (January 8, 2010) (SR-NYSEAmex-2009-91) (extending pilot from December 31, 2009 to March 31, 2010); 61815 (March 31, 2010), 75 FR 17813 (April 7, 2010) (SR-NYSEAmex-2010-32) (extending pilot from March 31, 2010 to September 30, 2010); 62831 (September 21, 2010), 75 FR 55388 (September 10, 2010) (SR-NYSEAmex-2010-91) (extending pilot from

pilot are generally set forth in the Commission’s approval orders, rather than rule text (except as noted below).⁸ The terms of the pilots are as follows:

The Exchange and the Financial Industry Regulatory Authority (“FINRA”) have entered into a Rule 17d-2 agreement pursuant to which FINRA is allocated regulatory responsibilities to review Arca Securities’ compliance with certain Exchange rules. The Exchange, however, retains ultimate responsibility for enforcing its rules with respect to Arca Securities.

NYSE Regulation monitors Arca Securities for compliance with the Exchange’s trading rules and collects and maintains certain related information. Specifically, NYSE Regulation collects and maintains the following information of which NYSE Regulation staff becomes aware—namely, all alerts, complaints, investigations and enforcement actions where Arca Securities is identified as a participant that has potentially violated Exchange or applicable SEC rules—in an easily accessible manner so as to facilitate any review conducted by the SEC’s Office of Compliance Inspections and Examination.

NYSE Regulation has agreed with the Exchange that it will provide a report to the Exchange’s Chief Regulatory Officer, on a quarterly basis, that (i) Quantifies all alerts (of which NYSE Regulation is aware) that identify Arca Securities as a participant that has potentially violated Exchange or SEC rules, and (ii) quantifies the number of all investigations that identify Arca Securities as a participant that has potentially violated Exchange or Commission rules.

NYSE Euronext, as parent of the Exchange, was obligated to adopt a rule requiring it to establish and maintain procedures and internal controls reasonably designed to ensure that Arca Securities does not develop or implement changes to its system, based on non-public information obtained regarding planned changes to the Exchange’s systems as a result of its affiliation with the Exchange, until such information is available generally to similarly situated members of the Exchange.⁹

Since the initiation of the inbound routing pilot in 2008, the Exchange in 2010 entered into a comprehensive

September 30, 2010 to March 31, 2011); and 64014 (March 2, 2011), 76 FR 12733 (March 8, 2011) (SR-NYSEAmex-2011-10) (extending pilot from March 31, 2011 to September 30, 2011).

⁸ See *supra* note 4.

⁹ See *supra* note 4. See also Rule 2B—NYSE Amex Equities.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Regulatory Services Agreement (“RSA”) with FINRA that, among other things, allocated to FINRA responsibility for the functions noted above that NYSE Regulation previously performed with respect to Arca Securities (*e.g.*, monitoring Arca Securities’ compliance with the Exchange’s trading rules).¹⁰ As a result of this RSA and the Rule 17d-2 agreement, the only regulatory functions related to Arca Securities that remain with NYSE Regulation are the provision to FINRA of the exceptions noted above of which NYSE Regulation becomes aware (*e.g.*, alerts involving Arca Securities) and the receipt of the quarterly report noted above, which is now produced by FINRA.

Arca Securities was also previously engaged in certain odd-lot and sub-penny transactions as part of its routing function for the Exchange.¹¹ These functions were implemented on a permanent basis as part of the same proposed rule change implementing the outbound routing functions.¹² As a result of subsequent rule changes, however, Arca Securities no longer performs these functions.¹³

Proposed Rule Change

In order to provide more clarity and transparency to all of the functions that Arca Securities performs on behalf of the Exchange, NYSE Amex proposes to add text to Rule 17—NYSE Amex Equities to describe the inbound routing functions. By doing so, the Exchange would establish a single, central location in its Rules describing all routing broker functions, including both inbound and outbound routing.

Specifically, the existing text of Rule 17—NYSE Amex Equities concerning Routing Brokers’ outbound routing function, including with respect to Arca

Securities, would be redesignated as new Rule 17(c)(1)—NYSE Amex Equities. The Exchange proposes to add new Rule 17(c)(2)—NYSE Amex Equities to add text describing Arca Securities’ inbound routing functions. The rule text in paragraph (c)(2) would be substantially the same as the language set forth in the Commission notices applicable to the Exchange and virtually identical to the inbound router rule text already implemented for another exchange.¹⁴ In this regard, the rule text would track the terms of the inbound routing pilot noted above (and as set forth in the rule filings), with the following exceptions. First, the rule text would reflect that certain regulatory functions are now carried out by FINRA on behalf of NYSE Regulation, rather than by NYSE Regulation directly. Second, the rule text would require procedures and controls that are reasonably designed to prevent Arca Securities from receiving any benefit, taking any action or engaging in any activity, based on non-public information regarding planned changes to Exchange systems obtained as a result of its affiliation with the Exchange, until such information is available generally to similarly situated member organizations of the Exchange, in connection with the provision of inbound order routing to the Exchange.¹⁵ In comparison, the current language from the inbound routing pilot requires procedures and controls that are reasonably designed to ensure that Arca Securities does not develop or implement changes to its system, based on non-public information obtained regarding planned changes to the Exchange’s systems as a result of its affiliation with the Exchange, until such information is available generally to similarly situated members of the Exchange.

Additionally, the Exchange proposes certain technical changes to Rule 17(c)—NYSE Amex Equities, which governs Arca Securities’ outbound routing functions, to align it with the changes proposed herein. The Exchange also proposes to include specific rule text to codify the current date upon which the inbound routing pilots are set to expire—September 30, 2011.

¹⁴ See BATS Rule 2.12. See also Securities Exchange Act Release No. 62901 (September 13, 2010), 75 FR 57097 (September 17, 2010) (SR-BATS-2010-024).

¹⁵ The Exchange notes that the text proposed in Rule 17(c)(2)(B)—NYSE Amex Equities would make clear that the Exchange may furnish to Arca Securities the same information on the same terms that the Exchange makes available in the normal course of business to any other member organization.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)¹⁶ of the Act, in general, and furthers the objectives of Section 6(b)(5),¹⁷ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in 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. The Exchange believes that the proposed rule change, which would add specific rule text for routing functionality that has already been approved in substance by the Commission for the Exchange, would enhance the clarity and transparency surrounding such functionality, including the responsibilities and obligations attendant therewith, while also reflecting the Exchange’s ongoing efforts to effectively address the concerns previously identified by the Commission regarding the potential for informational advantages favoring Arca Securities vis-à-vis other non-affiliated Exchange members. The Exchange also believes that the proposed rule change would support the principles of Section 11A(a)(1) of the Act¹⁸ in that it seeks to assure economically efficient execution of securities transactions.

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 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

No written comments were solicited or received with respect to the proposed rule change.

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

Because 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

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(5).

¹⁸ 15 U.S.C. 78k-1(a)(1).

¹⁰ The Exchange notes that FINRA reviews both inbound and outbound routing via Arca Securities pursuant to the 17d-2 agreement and the RSA. The Exchange will review the terms of the RSA in connection with this proposed rule change, and will amend it to reflect the specific terms of this filing.

¹¹ See *supra* note 3. No rule text was added to the NYSE Amex Rules to describe these functions.

¹² See *id.*

¹³ NYSE Amex has modified its electronic trading system in order to accommodate away market center executions in odd-lots and sub-pennies. See Securities Exchange Act Release No. 62578 (July 27, 2010), 75 FR 45185 (August 2, 2010) (SR-NYSEAmex-2010-53) (amending various NYSE rules to incorporate the receipt and execution of odd-lot interest into the round lot market and decommission the use of Odd-lot System); Securities Exchange Act Release No. 60916 (November 3, 2009), 74 FR 57722 (November 9, 2009) (SR-NYSEAmex-2009-78) (deleting rule text from the Supplementary Material to Rule 62—NYSE Amex Equities because Exchange technology was modified to quote and execute bids/offers priced below \$1.00 per share in sub-penny increments of \$0.0001).

shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁹ and Rule 19b-4(f)(6) thereunder.²⁰

A proposed rule change filed under 19b-4(f)(6) normally may not become operative prior to 30 days after the date of filing.²¹ However, Rule 19b-4(f)(6)(iii)²² permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay. The Exchange believes that waiver of the 30-day operative delay would provide more clarity and transparency in its rule text concerning all of the functions that Arca Securities performs on behalf of the Exchange without undue delay. In addition, the Exchange notes that the proposal is consistent with the rules of another national securities exchange. For these reasons, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, and designates the proposed rule change to be operative upon filing with the Commission.²³

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. Please include File Number SR-NYSEAmex-2011-39 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-NYSEAmex-2011-39. 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-NYSEAmex-2011-39 and should be submitted on or before July 20, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁴

Cathy H. Ahn,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-64740; File No. SR-OCC-2011-05]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving Proposed Rule Change To Provide Flexibility to The Options Clearing Corporation With Respect to Its Obligations To Pay Settlement Amounts to Clearing Members Generally as Well as in Emergency Situations

June 24, 2011.

I. Introduction

On April 28, 2011, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change SR-OCC-2011-05 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ The proposed rule change was published for comment in the **Federal Register** on May 12, 2011.² No comment letters were received on the proposal. This order approves the proposal.

II. Description

The purpose of this rule change is to revise OCC's By-Laws and Rules to provide flexibility to OCC with respect to its obligations to pay settlement amounts to clearing members generally as well as in emergency situations. The proposed rule amendments will change the current daily deadline for OCC to pay settlement amounts to clearing members from 10 a.m. to 1 p.m. (All times referred to in this filing are Central Time). In addition, in the event that an emergency condition exists, the Board of Directors or certain executive officers of OCC would be authorized to extend OCC's obligation to pay settlement amounts to clearing members beyond the 1 p.m. deadline.

Currently, each business day morning, OCC is obligated to collect cash owed by its clearing members for the prior day's settlement activity by 9 a.m. OCC, in turn, is obligated to pay cash owed to its clearing members for the prior day's settlement activity by 10 a.m. This one-hour window is designed to give OCC time to collect all required settlement funds before having to disburse any settlement funds to its clearing members. Daily settlement activity includes obligations relating to: (1) The net premium payments arising from the prior day's option purchases and sales,

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 34-64436 (May 6, 2011), 76 FR 27697 (May 12, 2011).

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f)(6).

²¹ 17 CFR 240.19b-4(f)(6)(iii). In addition, Rule 19b-4(f)(6)(iii) requires that a self-regulatory organization submit to 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 satisfied this requirement.

²² *Id.*

²³ For 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. 78c(f).

²⁴ 17 CFR 200.30-3(a)(12).