

III. Discussion

Section 17A(b)(3)(F) of the Act¹³ requires, among other things, that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. The Commission believes that because the proposed rule change creates a more direct correlation between OCC's clearing fund size and potential losses from a defined set of default scenarios, it should better enable OCC to fulfill this statutory obligation.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act¹⁴ and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁵ that the proposed rule change (File No. SR-OCC-2011-10) be, and hereby is, approved.¹⁶

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Elizabeth M. Murphy,
Secretary.

[FR Doc. 2011-25074 Filed 9-28-11; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-65384; File No. SR-ISE-2011-59]

Self-Regulatory Organizations; International Securities Exchange, Incorporated; Notice of Proposed Rule To Simplify the \$1 Strike Price Interval Program

September 22, 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 September 21, 2011, the International Securities Exchange, LLC (the "Exchange" or the "ISE") filed with the

promptly withdraws from membership and closes out or transfers its open positions.

¹³ 15 U.S.C. 78q-1(b)(3)(F).

¹⁴ 15 U.S.C. 78q-1.

¹⁵ 15 U.S.C. 78s(b)(2).

¹⁶ 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).

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Securities and Exchange Commission ("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 amend its rules in order to simplify the \$1 Strike Price Interval Program. The text of the proposed rule change is available on the Exchange's Web site <http://www.ise.com>, 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Supplementary Material .01 to ISE Rule 504 in order to simplify the \$1 Strike Price Interval Program ("Program"). This filing is based on a filing previously submitted by the Chicago Board Options Exchange, Inc. ("CBOE").³

In 2003, the Commission issued an order permitting the Exchange to establish the Program on a pilot basis.⁴ At that time, the underlying stock had to close at \$20 on the previous trading day in order to qualify for the Program. The range of available \$1 strike price intervals was limited to a range between \$3 and \$20 and no strike price was permitted that was greater than \$5 from the underlying stock's closing price on

³ See Securities Exchange Act Release No. 65031 (August 4, 2011) 76 FR 48935 (August 9, 2011) (SR-CBOE-2011-040).

⁴ See Securities Exchange Act Release No. 48033 (June 16, 2003) 68 FR 37036 (June 20, 2003) (SR-ISE-2003-17).

the previous trading day. Series in \$1 strike price intervals were not permitted within \$0.50 an existing strike. In addition, the Exchange was limited to selecting five (5) classes and reciprocal listing was permitted. Furthermore, LEAPS in \$1 strike price intervals were not permitted for classes selected to participate in the Program.

The Exchange renewed the pilot program on a yearly basis and in 2008, the Commission granted permanent approval of the Program.⁵ At that time, the Program was expanded to increase the upper limit of the permissible strike price range from \$20 to \$50. In addition, the number of class selections per exchange was increased from five (5) to ten (10). Since the Program was made permanent, the number of class selections per exchange has been increased from ten (10) classes to 55 classes⁶ and subsequently increased from 55 classes to 150 classes.⁷

Amendments To Simplify Non-LEAPS Rule Text

The most recent expansion of the Program was approved by the Commission in early 2011 and increased the number of \$1 strike price intervals permitted within the \$1 to \$50 range.⁸ This expansion was a proposal of another exchange and ISE submitted its filing for competitive reasons. This expansion, however, has resulted in very lengthy rule text that is complicated and difficult to understand. ISE believes that the proposed changes to simplify the rule text of the Program will benefit market participants since the Program will be easier to understand and will maintain the expansions made to the Program in early 2011. Through the current proposal, the Exchange also hopes to make administration of the Program easier, e.g., system programming efforts. To simplify the rules of the Program and, as a proactive attempt to mitigate any unintentional listing of improper strikes, ISE is proposing the following streamlining amendments:

- When the price of the underlying stock is equal to or less than \$20, permit \$1 strike price intervals with an exercise price up to 100% above and 100%

⁵ See Securities Exchange Act Release No. 57169 (January 18, 2008) 73 FR 4654 (January 25, 2008) (SR-ISE-2007-110).

⁶ See Securities Exchange Act Release No. 59587 (March 17, 2009), 74 FR 12414 (March 24, 2009) (SR-ISE-2009-04).

⁷ See Securities Exchange Act Release No. 62442 (July 2, 2010), 75 FR 39597 (July 9, 2010) (SR-ISE-2010-64).

⁸ See Securities Exchange Act Release No. 63771 (January 25, 2011), 76 FR 5642 (February 1, 2011) (SR-ISE-2011-06).

below the price of the underlying stock.⁹

- However, the above restriction would not prohibit the listing of at least five (5) strike prices above and below the price of the underlying stock per expiration month in an option class.¹⁰

- For example, if the price of the underlying stock is \$2, the Exchange would be permitted to list the following series: \$1, \$2, \$3, \$4, \$5, \$6 and \$7.¹¹

- When the price of the underlying stock is greater than \$20, permit \$1 strike price intervals with an exercise price up to 50% above and 50% below the price of the underlying security up to \$50.¹²

- For the purpose of adding strikes under the Program, the “price of the underlying stock” shall be measured in the same way as “the price of the underlying security” is as set forth in Rule 504(A)(b)(i).¹³

- Prohibit the listing of additional series in \$1 strike price intervals if the underlying stock closes at or above \$50 in its primary market and provide that additional series in \$1 strike price intervals may not be added until the underlying stock closes again below \$50.¹⁴

Amendments To Simplify LEAPS Rule Text

The early 2011 expansion of the Program permitted for some limited listing of LEAPS in \$1 strike price intervals for classes that participate in

⁹ See proposed new subparagraph (i) to Supplementary Material .01(b).

¹⁰ *Id.*

¹¹ *Id.*

¹² See proposed new subparagraph (ii) to Supplementary Material .01(b).

¹³ See proposed new subparagraph (iii) to Supplementary Material .01(b). Rule 504A(b)(i) provides, “[t]he price of a security is measured by: (1) For intra-day add-on series and next-day series additions, the daily high and low of all prices reported by all national securities exchanges; (2) for new expiration months, the daily high and low of all prices reported by all national securities exchanges on the day the Exchange determines it preliminary notification of new series; and (3) for option series to be added as a result of pre-market trading, the most recent share price reported by all national securities exchanges between 8:45 a.m. and 9:30 a.m. (Eastern Time).”

¹⁴ See proposed new subparagraph (iv) to Supplementary Material .01(b). The Exchange believes that it is important to codify this additional series criterion because there have been conflicting interpretations among the exchanges that have adopted similar programs. The \$50 price criterion for additional series was intended when the Program was originally established (as a pilot) in 2003. See Securities Exchange Act Release No. 48033 (June 16, 2003) 68 FR 37036 (June 20, 2003) (SR-ISE-2003-17) (“ISE may list an additional expiration month provide that the underlying stock closes below \$20 on its primary market on expiration Friday. If the underlying stock closes at or above \$20 on expiration Friday, ISE will not list an additional month for a \$1 strike series until the stock again closes below \$20.”)

the Program. The Exchange is proposing to maintain the expansion as to LEAPS, but simplify the language and provide examples of the simplified rule text. These changes are set forth subparagraph (v) to Supplementary Material .01(b).

For stocks in the Program, the Exchange may list one \$1 strike price interval between each standard \$5 strike interval, with the \$1 strike price interval being \$2 above the standard strike for each interval above the price of the underlying stock, and \$2 below the standard strike for each interval below the price of the underlying stock (“\$2 wings”). For example, if the price of the underlying stock is \$24.50, the Exchange may list the following standard strikes in \$5 intervals: \$15, \$20, \$25, \$30 and \$35. Between these standard \$5 strikes, the Exchange may list the following \$2 wings: \$18, \$27 and \$32.¹⁵

In addition, the Exchange may list the \$1 strike price interval which is \$2 above the standard strike just below the underlying price at the time of listing. In the above example, since the standard strike just below the underlying price (\$24.50) is \$20, the Exchange may list a \$22 strike. The Exchange may add additional long-term options series strikes as the price of the underlying stock moves, consistent with the OLPP.

Non-Substantive Amendments to Rule Text

The early 2011 expansion of the Program prohibited the listing of \$2.50 strike price intervals for classes that participate in the Program. This prohibition applies to non-LEAP and LEAPS. The Exchange proposes to maintain this prohibition and codify it in Supplementary Material .01(a) (Program Description).

For ease of reference, the Exchange is proposing to add the headings “Program Description,” “Initial and Additional Series” and “LEAPS” to Supplementary Material .01.

The Exchange is proposing to more accurately reflect the nature of the Program and is proposing to make stylistic changes throughout Supplementary Material .01 by adding the phrase “price interval.” Lastly, the Exchange is making technical changes

¹⁵ The Exchange notes that a \$2 wing is not permitted between the standard \$20 and \$25 strikes in the above example. This is because the \$2 wings are added based on reference to the price of the underlying and as being between the standard strikes above and below the price of the underlying stock. Since the price of the underlying stock (\$24.50) straddles the standard strikes of \$20 and \$25, no \$2 wing is permitted between these standard strikes.

to Supplementary Material .01, *e.g.*, replacing the word “security” with the word “stock.”

The Exchange represents that it has the necessary systems capacity to support the increase in new options series that will result from the proposed streamlining changes to the Program.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”)¹⁶ and the rules and regulations thereunder and, in particular, the requirements of Section 6(b) of the Act.¹⁷ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁸ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to 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 proposed rule change seeks to reduce investor confusion and to simplify the provisions of the \$1 Strike Price Interval Program.

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

The proposed rule change does not 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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

Because the foregoing proposed rule change does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, by its terms, does not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section

¹⁶ 15 U.S.C. 78a *et seq.*

¹⁷ 15 U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(5).

19(b)(3)(A) of the Act¹⁹ and Rule 19b-4(f)(6) thereunder.²⁰

The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because the proposal is substantially similar to that of another exchange that has been approved by the Commission.²¹ Therefore, the Commission designates the proposal operative upon filing.²²

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-ISE-2011-59 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.

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's 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 the five-day pre-filing requirement.

²¹ See Securities Exchange Act Release No. 65383 (September 22, 2011) (SR-CBOE-2011-040) (order approving proposed rule changes to simplify the \$1 Strike Price Interval Program).

²² 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).

All submissions should refer to File Number SR-ISE-2011-59. 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 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 publicly available. All submissions should refer to File Number SR-ISE-2011-59 and should be submitted on or before October 20, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²³

Elizabeth M. Murphy,
Secretary.

[FR Doc. 2011-25075 Filed 9-28-11; 8:45 am]

BILLING CODE 8011-01-P

DEPARTMENT OF STATE

[Public Notice 7514]

Bureau of Educational and Cultural Affairs Request for Grant Proposals: Global Undergraduate Exchange Program in Serbia and Montenegro

Announcement Type: New Cooperative Agreement.

Funding Opportunity Number: ECA/A/E/EUR-12-04.

Catalog of Federal Domestic Assistance Number: 19.009.

Key Dates: Application Deadline: November 24, 2011.

Executive Summary: The Office of Academic Exchange Programs of the

Bureau of Educational and Cultural Affairs announces an open competition for the administration of the FY 2012 Global Undergraduate Exchange Program in Serbia and Montenegro (UGRAD). The total amount of funding for this award will be up to \$1,537,575, pending the transfer of Assistance for Europe, Eurasia and Central Asia (AEECA) funds for obligation in FY 2012. Public and private non-profit organizations meeting the provisions described in IRS regulation 26 CFR 1.501(c)(3) may submit proposals to administer the placement, monitoring, evaluation, follow-on, and alumni activities for the UGRAD program. Recruitment and selection of participants will be administered by a separate organization in conjunction with the U.S. Embassies in Serbia and Montenegro. Organizations with less than four years experience in conducting international exchange programs are not eligible for this competition.

The UGRAD Program provides outstanding students from Serbia and Montenegro with scholarships for one year of non-degree study at U.S. institutions of higher education. Scholarships are available in all fields of study. Funding should support a minimum of 50 participants, with approximately 35 students from Serbia and 15 students from Montenegro. Every effort should be made to maximize the number of scholarships awarded.

I. Funding Opportunity Description

Authority

Overall grant making authority for this program is contained in the Mutual Educational and Cultural Exchange Act of 1961, Public Law 87-256, as amended, also known as the Fulbright-Hays Act. The purpose of the Act is "to enable the Government of the United States to increase mutual understanding between the people of the United States and the people of other countries * * *; to strengthen the ties which unite us with other nations by demonstrating the educational and cultural interests, developments, and achievements of the people of the United States and other nations * * * and thus to assist in the development of friendly, sympathetic and peaceful relations between the United States and the other countries of the world." The funding authority for the program above is provided through legislation.

Purpose

The UGRAD Program is designed to promote mutual understanding among the people of Serbia and Montenegro

²³ 17 CFR 200.30-3(a)(12).