

rule change would add “municipal securities sales limited representative” to that list.<sup>5</sup> Additionally, the proposed rule change would streamline Rule G-7(b) by simply requiring that dealers obtain either Form U4 (in the case of non-bank dealers) or Form MSD-4 (in the case of bank dealers), rather than repeating the categories of information required by those forms.

## 2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(A) of the Exchange Act, which authorizes the MSRB to prescribe “standards of training, experience, competence, and such other qualifications as the Board finds necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons.” Section 15B(b)(2)(A) of the Exchange Act also provides that the Board may appropriately classify municipal securities brokers, municipal securities dealers, and municipal advisors and persons associated with municipal securities brokers, municipal securities dealers, and municipal advisors and require persons in any such class to pass tests prescribed by the Board.

The MSRB believes that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(A) of the Exchange Act in that the proposed rule change will ensure that individuals seeking to engage in more than sales activities will be tested on their qualification and competency to engage in such other municipal securities activities. These individuals will be required to pass an examination that includes questions both on municipal securities and the municipal markets and on U.S. government, federal agency and other financial instruments, economic activity, government policy, factors affecting interest rates, and applicable federal securities laws and regulations. The proposed rule change will also more closely align the information dealers are required to obtain pursuant to Rule G-7 with the information already required by FINRA and the bank regulators, thereby reducing the administrative burden on such dealers.

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

The MSRB 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 Exchange Act since it would apply equally to all dealers.

## 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 on the proposed rule change.

## 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 self-regulatory organization consents, the Commission will:

(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](mailto:rule-comments@sec.gov).
- Please include File Number SR-MSRB-2011-17 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-MSRB-2011-17. 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 MSRB’s offices. 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-MSRB-2011-17 and should be submitted on or before October 21, 2011.

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

**Elizabeth M. Murphy,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-65395; File No. SR-MSRB-2011-12]

### Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Withdrawal of Proposed New Rule G-42, on Political Contributions and Prohibitions on Municipal Advisory Activities; Proposed Amendments to Rules G-8, on Books and Records, G-9, on Preservation of Records, and G-37, on Political Contributions and Prohibitions on Municipal Securities Business; Proposed Form G-37/G-42 and Form G-37x/G-42x; and a Proposed Restatement of a Rule G-37 Interpretive Notice

September 26, 2011.

On August 19, 2011, the Municipal Securities Rulemaking Board (the “MSRB”) filed with the Securities and Exchange Commission (the “Commission”) a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> consisting of (i) proposed MSRB Rule G-42 (on political

<sup>6</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.

<sup>5</sup> The proposed rule change would also add “municipal fund securities limited principal” to this list to reflect the previous creation of this separate category.

contributions and prohibitions on municipal advisory activities); (ii) proposed amendments that would make conforming changes to MSRB Rules G-8 (on books and records), G-9 (on preservation of records), and G-37 (on political contributions and prohibitions on municipal securities business); (iii) proposed Form G-37/G-42 and Form G-37x/G-42x; and (iv) a proposed restatement of a Rule G-37 interpretive notice issued by the MSRB in 1997. Notice of the proposed rule change was published in the **Federal Register** on September 9, 2011.<sup>3</sup> The Commission received no comments on the proposed rule change. On September 9, 2011, the MSRB withdrew the proposed rule change (SR-MSRB-2011-12).<sup>4</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>5</sup>

**Elizabeth M. Murphy,**  
*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-65397; File No. SR-MSRB-2011-14]

### Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Withdrawal of Proposed Rule G-36, on Fiduciary Duty of Municipal Advisors, and a Proposed Interpretive Notice Concerning the Application of Proposed Rule G-36 to Municipal Advisors

September 26, 2011.

On August 23, 2011, the Municipal Securities Rulemaking Board (the "MSRB") filed with the Securities and Exchange Commission (the "Commission") a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> consisting of proposed Rule G-36 (on fiduciary duty of municipal advisors) and a proposed interpretive notice concerning the application of proposed Rule G-36 to municipal advisors. Notice of the proposed rule change was published in the **Federal Register** on September 12,

<sup>3</sup> See Securities Exchange Act Release No. 65255 (September 2, 2011), 76 FR 55976.

<sup>4</sup> See MSRB Notice 2011-51 (September 12, 2011).

<sup>5</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.

2011.<sup>3</sup> The Commission received no comments on the proposed rule change. On September 9, 2011, the MSRB withdrew the proposed rule change (SR-MSRB-2011-14).<sup>4</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>5</sup>

**Elizabeth M. Murphy,**  
*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-65399; File No. SR-Phlx-2011-111]

### Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Order Approving a Proposed Rule Change Requesting Permanent Approval of the Pilot Program Permitting NASDAQ OMX PHLX to Receive Inbound Routes by NOS

September 26, 2011.

#### I. Introduction

On August 8, 2011, NASDAQ OMX PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change requesting permanent approval of the Exchange's pilot program to permit the Exchange to accept certain inbound orders that Nasdaq Options Services, LLC ("NOS") routes from Nasdaq Options Market ("NOM"). The proposed rule change was published for comment in the **Federal Register** on August 19, 2011.<sup>3</sup> The Commission received no comment letters regarding the proposed rule change. This order approves the proposed rule change.

#### II. Background

Exchange Rule 985(b) prohibits the Exchange or any entity with which it is affiliated from, directly or indirectly, acquiring or maintaining an ownership interest in, or engaging in a business venture with, an Exchange member or an affiliate of an Exchange member in the absence of an effective filing under

<sup>3</sup> See Securities Exchange Act Release No. 65282 (September 7, 2011), 76 FR 56254.

<sup>4</sup> See MSRB Notice 2011-51 (September 12, 2011).

<sup>5</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.

<sup>3</sup> See Securities Exchange Act Release No. 65135 (August 15, 2011), 76 FR 52030 ("Notice").

Section 19(b) of the Exchange Act.<sup>4</sup> NOS is a broker-dealer that is a member of the Exchange, and currently provides to members of The NASDAQ Stock Market LLC ("Nasdaq") that are NOM participants optional routing services to other market centers.<sup>5</sup> NOS is owned by The NASDAQ OMX Group, Inc. ("NASDAQ OMX"), which also owns three registered securities exchanges—Nasdaq, the Exchange, and NASDAQ OMX BX, Inc.<sup>6</sup> Thus, NOS is an affiliate of each of these exchanges. Absent an effective filing, Exchange Rule 985(b) would prohibit NOS from being a member of the Exchange.

On July 17, 2008, in connection with the acquisition of the Exchange by NASDAQ OMX, the Commission approved an affiliation between the Exchange and NOS for the limited purpose of permitting NOS to provide routing services for Nasdaq for orders that first attempt to access liquidity on Nasdaq's system before routing to the Exchange, subject to certain other limitations and conditions.<sup>7</sup> On February 26, 2010, the Exchange filed an immediately effective proposed rule change to modify the conditions for the affiliation between NOS and the Exchange, to permit the Exchange to receive certain orders routed by NOS from NOM without first checking the NOM book for liquidity on a one-year pilot basis.<sup>8</sup> Specifically, the Exchange proposed to permit NOS to route from NOM Exchange Direct Orders and orders in NOM Non-System Securities (including Exchange Direct Orders).<sup>9</sup>

<sup>4</sup> 15 U.S.C. 78s(b).

<sup>5</sup> NOS operates as a facility of Nasdaq that provides outbound routing from NOM to other market centers, subject to certain conditions. See NOM Rules Chapter VI, Section 11(e).

<sup>6</sup> See Securities Exchange Act Release No. 58179 (July 17, 2008), 73 FR 42874 (July 23, 2008) (SR-Phlx-2008-31) ("Phlx Approval Order"). See also Securities Exchange Act Release No. 58324 (August 7, 2008), 73 FR 46936 (August 12, 2008) (SR-BSE-2008-02; SR-BSE-2008-23; SR-BSE-2008-25; SR-BSECC-2008-01).

<sup>7</sup> See Phlx Approval Order, 73 FR at 42887.

<sup>8</sup> See Securities Exchange Act Release No. 61667 (March 5, 2010), 75 FR 11964 (March 12, 2010) (SR-Phlx-2010-36) ("Phlx Routing Pilot Release"). The inbound routing pilot was subsequently extended and is set to expire on November 25, 2011. See Securities Exchange Act Release Nos. 63873 (February 9, 2011), 76 FR 8798 (February 15, 2011) (SR-Phlx-2011-16); and 65140 (August 16, 2011) 76 FR 52374 (August 22, 2011) (SR-Phlx-2011-116).

<sup>9</sup> NOS provides to NOM participants routing services to other market centers. Pursuant to Nasdaq's rules, NOS: (1) Routes orders in options currently trading on NOM, referred to as "System Securities;" and (2) routes orders in options that are not currently trading on NOM ("Non-System Securities"). See NOM Rules, Chapter VI, Section 1(b) and 11. When routing Non-System Securities, NOS is not regulated as a facility of Nasdaq, but as a broker-dealer regulated by its designated