

necessary to allow the Exchange to make the proposed rule change operative on December 7, 2009. The Commission hereby grants the Exchange's request and designates the filing operative as of December 7, 2009.<sup>12</sup> The Commission believes that such action is consistent with the protection of investors and the public interest, because the proposed rule language should result in (i) the immediate execution of additional orders that would otherwise sit on the NYBX book due to their MTVs not being triggered and (ii) the execution of more shares on those orders whose MTVs are triggered, due to the incorporation of additional available contra side liquidity at other market centers.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2009-121 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-NYSE-2009-121. 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 inspection and copying 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 available publicly. All submissions should refer to File Number SR-NYSE-2009-121 and should be submitted on or before January 4, 2010.

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

**Florence E. Harmon,**

*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-61129; File No. SR-BX-2009-080]

#### Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 2330 and IM-2330 To Reflect Changes to Corresponding FINRA Rule

December 8, 2009.

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 December 4, 2009, NASDAQ OMX BX, Inc. (the "BX") 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 Exchange. The Exchange has designated the proposed rule change as constituting a non-controversial rule change under Rule 19b-4(f)(6) under the Act,<sup>3</sup> which

renders the proposal effective upon filing with 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

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>4</sup> and Rule 19b-4 thereunder,<sup>5</sup> NASDAQ OMX BX, Inc. ("BX") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend BX Rule 2330 and IM-2330 to reflect recent changes to a corresponding rule of the Financial Industry Regulatory Authority ("FINRA"). The text of the proposed rule change is below. Proposed new language is *italicized*; proposed deletions are in brackets: NASDAQ OMX BX RULES

\* \* \* \* \*

##### 2150. Customers' Securities or Funds

(a) Exchange Members and persons associated with a member shall comply with FINRA Rule 2150 as if such Rule were part of the Rules of the Exchange.

(b) Nothing in FINRA Rule 2150, as applied to Exchange members and their associated persons, shall be construed to authorize any Exchange member or associated person to act in a manner inconsistent with Section 11(a) of the Act.

##### IM-2150. Segregation of Customers' Securities

(a) Exchange Members and persons associated with a member shall comply with FINRA Interpretive Material 2150 as if such Rule were part of the Rules of the Exchange.

(b) For purposes of this Rule, references to Rule 2150 shall be construed as references to Equity Rule 2150.

\* \* \* \* \*

##### [2330. Customers' Securities or Funds

(a) Exchange Members and persons associated with a member shall comply with NASD Rule 2330 as if such Rule were part of the Rules of the Exchange.

FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2330 are transferred into the FINRA rulebook, then Equity Rule 2330 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Rule 2330 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.

(b) Nothing in NASD Rule 2330, as applied to Exchange members and their associated persons, shall be construed to authorize any Exchange member or associated person to act in a manner inconsistent with Section 11(a) of the Act.]

<sup>12</sup> For purposes of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<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.

<sup>3</sup> 17 CFR 240.19b-4(f)(6).

<sup>4</sup> 15 U.S.C. 78s(b)(1).

<sup>5</sup> 17 CFR 240.19b-4.

[IM-2330. Segregation of Customers' Securities

(a) Exchange Members and persons associated with a member shall comply with NASD Interpretive Material 2330 as if such Rule were part of the Rules of the Exchange.

FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Interpretive Material 2330 are transferred into the FINRA rulebook, then Equity Interpretive Material 2330 shall be construed to require Exchange members and persons associated with a member to comply with the FINRA rule corresponding to NASD Interpretive Material 2330 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.

(b) For purposes of this Rule, references to Rule 2330 shall be construed as references to Equity Rule 2330.]

\* \* \* \* \*

## 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

Many of BX's rules are based on rules of FINRA (formerly the National Association of Securities Dealers ("NASD")). During 2008, FINRA embarked on an extended process of moving rules formerly designated as "NASD Rules" into a consolidated FINRA rulebook. In most cases, FINRA has renumbered these rules, and in some cases has substantively amended them. Accordingly, BX also proposes to initiate a process of modifying its rulebook to ensure that BX rules corresponding to FINRA/NASD rules continue to mirror them as closely as practicable. In some cases, it will not be possible for the rule numbers of BX rules to mirror corresponding FINRA rules, because existing or planned BX rules make use of those numbers. However, wherever possible, BX plans to update its rules to reflect changes to corresponding FINRA rules.

This filing addresses BX Rule 2330 entitled "Customers' Securities or Funds" and IM-2330 entitled "Segregation of Customers' Securities." BX Rule 2330 and IM-2330 both make reference to NASD Rule 2330 entitled "Improper Use of Customer's Securities or Funds; Prohibitions Against Guarantees and Sharing in Accounts." FINRA filed a proposed rule change, which will be effective December 14, 2009, to adopt NASD Rule 2330 as FINRA Rule 2150.<sup>6</sup> FINRA made minor changes to Rule 2150, specifically amending 2150(c). FINRA Rule 2150 prohibits members and associated person from: (a) Making improper use of a customer's securities or funds; (b) guaranteeing a customer against loss in connection with any securities transaction or in any securities account of the customer; and (c) sharing in the profits or losses in the customer's account except under certain limited conditions specified in the Rule. In addition, FINRA added Supplementary Information to Rule 2150 that codifies existing staff guidance clarifying that: (i) A "guarantee" extended to all holders of a particular security by an issuer as part of that security generally would not be subject to the prohibition against guarantees and that a permissible sharing arrangement remains subject to other applicable FINRA rules; (ii) the rule does not preclude a member from determining on an after-the-fact basis, to reimburse a customer for transaction losses, provided however that the member shall comply with all reporting requirements that may be applicable to such payment; (iii) the rule does not preclude a member from correcting a *bona fide* error; and (iv) the required written authorization(s) shall be preserved for a period of at least six years after the date the account is closed, which is consistent with the retention period under the Act for similar records.

BX is proposing to amend BX Rule 2330 and IM-2330 by renaming Rule 2330 to new Rule 2150 and renaming IM-2330 to new IM-2150, in order to incorporate by reference the FINRA rule. BX would delete current Rule 2330 and IM-2330. BX also proposes to amend the references to NASD Rule 2330 to instead state FINRA Rule 2150 in the new Rule 2150 and IM-2150 to reflect the change to the FINRA rules.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with

the provisions of Section 6 of the Act,<sup>7</sup> in general, and with Sections 6(b)(5) of the Act,<sup>8</sup> in particular, in that the proposal 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 regulating, clearing, settling, processing information with respect to, and 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 proposed changes will conform BX Rule 2330 and IM-2330 to recent changes made to a corresponding FINRA rule and rename Rule 2330 and IM-2330 to new Rule 2150 and new IM-2150, to promote application of consistent regulatory standards.

### 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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) 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 19(b)(3)(A) of the Act<sup>9</sup> and Rule 19b-4(f)(6) thereunder.<sup>10</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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.

<sup>7</sup> 15 U.S.C. 78f.

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>6</sup> Securities Exchange Act Release No. 60701 (September 21, 2009), 74 FR 49425 (September 28, 2009) (SR-FINRA-2009-014).

#### 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](mailto:rule-comments@sec.gov). Please include File Number SR-BX-2009-080.

##### *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-BX-2009-080. 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 inspection and copying 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 available publicly. All submissions should refer to File Number SR-BX-2009-080 and should be submitted on or before January 4, 2010.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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#### **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-61131; File No. SR-ISE-2009-101]**

#### **Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fee Changes**

December 8, 2009.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 24, 2009, the International Securities Exchange, LLC (the "Exchange" or the "ISE") 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 ISE is proposing to amend its Schedule of Fees regarding its Competitive Market Maker ("CMM") Inactivity Fee. The text of the proposed rule change is available on the Exchange's Web site (<http://www.ise.com>), on the Commission's Web site at <http://www.sec.gov>, 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 these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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**

ISE proposes to amend its Schedule of Fees regarding its CMM Inactivity Fee. Specifically, the Exchange proposes to amend its current CMM Inactivity Fee for any member who is not currently a market maker and acquires one or more CMM Trading Right by providing the Exchange the ability to waive this fee for up to three full calendar months.

ISE currently charges the owner<sup>3</sup> of a CMM membership an Inactivity Fee of \$25,000 a month per trading right if the owner does not (i) itself operate the CMM membership, (ii) lease the CMM trading right to another member which operates the CMM membership, or (iii) avail itself to one of the exemptions specifically authorized in the Notes to the CMM Inactivity Fee on the Schedule of Fees.

The purpose of the CMM Inactivity Fee has always been to promote greater trading activity on the Exchange. The Exchange believes that anything short of full utilization of its trading rights has adverse consequences. Not only does the Exchange lose fee revenues that these trading rights would generate, the ISE market place loses liquidity that additional market making would provide. The Exchange, however, also recognizes that firms, and in particular firms that are new members of the Exchange, need time to ramp up their operations to the point where they are able to efficiently operate as a market maker. Under the Exchange's current fee schedule, a new market maker would be subject to an inactivity fee of \$25,000 per Trading Right per month if that market maker is not able to commence operations immediately after purchasing the Trading Rights. The Exchange believes assessing this fee is a strong disincentive for any new member to acquire Trading Rights and become a market maker on the Exchange.

Thus, the Exchange proposes to amend its current CMM Inactivity Fee with respect to any member who acquires one or more CMM Trading Right by providing the Exchange the ability to waive this fee for up to three

<sup>3</sup> The Note to the CMM Inactivity Fee on the Schedule of Fees provides that the fee applies to the owner of the CMM membership, unless the inactive CMM membership is subject to a lease that was approved by the Exchange prior to the effective date of the fee, in which case the fee would apply to the lessee.

<sup>11</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.