

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-CBOE-2009-076 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-CBOE-2009-076. 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 CBOE. 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-CBOE-2009-076 and should be submitted on or before November 19, 2009.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Elizabeth M. Murphy,

Secretary.

[FR Doc. E9-26024 Filed 10-28-09; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-60872; File No. SR-OCC-2009-14]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving Proposed Rule Change To Clear Options Based on Index-Linked Securities

October 23, 2009.

I. Introduction

On August 12, 2009, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-OCC-2009-14 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 September 8, 2009.² No comment letters were received on the proposal. This order approves the proposal.

II. Description

The proposed rule change permits OCC to clear options based on index-linked securities ("Index-Linked Securities").

Index-Linked Securities are non-convertible debt of major financial institutions that typically have a term of at least one year but not greater than thirty years and that provide for payment at maturity based upon the performance of an index or indices of equity securities or futures contracts, one or more physical commodities, currencies or debt securities, or a combination of any of the foregoing. Index-Linked Securities are traded on national securities exchanges and meet the definition of "NMS Stock" under regulation NMS.³ The options

exchanges will treat options on Index-Linked Securities ("Index-Linked Security Options") as standardized equity options for listing and trading purposes and will generally govern their trading by the same rules that are applicable to trading in other equity options. Exercises of Index-Linked Security Options will be settled by delivery of the underlying securities in the same manner as exercises of equity options.

OCC is amending its By-Laws and Rules to accommodate Index-Linked Security Options. OCC is adding a definition of "index-linked security" to Article I of its By-Laws, amending the definition of "stock option contract" in Article I of its By-Laws to include Index-Linked Security Options, and amending the definition of "non-equity securities option contract" in Article I of its By-Laws to clarify that Index-Linked Security Options are excluded from the definition. OCC is amending Interpretation and Policy .05 to Article VI, Section 11A of its By-Laws to clarify that a call of an entire class of Index-Linked Securities will result in an adjustment of Index-Linked Security Options in the event of a cash merger but that a partial call will not result in an adjustment. OCC is adding Interpretation and Policy .10 to Article VI, Section 11A of the By-Laws that would state that interest payments on Index-Linked Securities generally will be considered "ordinary cash dividends or distributions" within the meaning of paragraph (c) Article VI, Section 11A. OCC is adding language to Rule 604(b)(4)(iii) to state that for the purposes of Rule 604, Index-Linked Securities will be treated as stock, assuming they meet the basic listing requirement applicable to stocks. OCC is amending Rule 604(b)(4) to conform its language to its practice of limiting the value of securities with the same CUSIP number, as opposed to securities of the same issuer, to 10% of the margin requirement of an account. OCC is adding Interpretation and Policy .14 to Rule 604(b)(4), which states that OCC may disapprove for margin credit a security that otherwise meets the Rule 604(b) criteria if other factors warrant such a disapproval.

III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, the Commission believes that by amending its By-Laws and Rules to provide for the clearance and settlement of Index-Linked Security

¹⁸ 17 CFR 200.30-3(a)(12).

¹⁵ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 60602 (Sep. 1, 2009), 74 FR 46278.

³ Securities Exchange Act Release No. 51808 (Jun. 9, 2005), 70 FR 37496 (Jun. 29, 2005). "NMS Stock" is defined in Rule 600(b)(47) of Regulation NMS as "any NMS security other than an option." The definition of "NMS Security" in Rule 600(b)(46) of Regulation NMS includes any security for which transaction reports are collected and disseminated under an effective national market system plan. Because Index-Linked Securities are exchange traded, they fall within this definition.

Options, the proposal is consistent with the requirements of Section 17A(b)(3)(F),⁴ which requires, among other things, that the rules of a clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions.

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 Act⁵ and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁶ that the proposed rule change (File No. SR–OCC–2009–14) be, and hereby is, approved.⁷

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.⁸

Elizabeth M. Murphy,
Secretary.

[FR Doc. E9–26027 Filed 10–28–09; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

Release No. 34–60866; File No. SR–ISE–2009–81]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change, as Modified by Amendment No. 2 Thereto, to Extend the Pilot Program to Expose All-Or-None Orders for an Additional One Month

October 22, 2009.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b–4 thereunder,² notice is hereby given that on October 13, 2009, the International Securities Exchange, LLC (the “Exchange” or the “ISE”) filed with the Securities and Exchange Commission the proposed rule change as described in Items I and II below, which items have been prepared by the self-regulatory organization. On October 19, 2009, ISE filed Amendment No. 1 to the proposed rule change. On October 21, 2009, ISE

withdrew Amendment No. 1 and filed Amendment No. 2 to the proposed rule change.³ 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 is proposing to amend its rules to implement a broadcast message that will inform members when a non-marketable all-or-none limit order is placed on the limit order book. The text of the proposed rule change is as follows, with deletions in [brackets] and additions *underlined*:

Rule 717. Limitations on Orders

* * * * *

Supplementary Material to Rule 717
.01–.03 No Change.

.04 A non-marketable all-or-none limit order shall be deemed “exposed” for the purposes of paragraphs (d) and (e) one second following a broadcast notifying members that such an order to buy or sell a specified number of contracts at a specified price has been received in the options series. This provision shall be in effect on a pilot basis expiring [October 9, 2009] *November 9, 2009.*

* * * * *

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

(a) *Purpose*—Pursuant to ISE Rule 717(d) and (e), Electronic Access Members must expose agency orders on the Exchange for at least one second before entering a contra-side proprietary order or a contra-side order that was solicited from a broker-dealer, or utilize one of the Exchange’s execution mechanisms that have one second

exposure periods built into the functionality.⁴

The Exchange operates an integrated system that consolidates all market maker quotes and orders, and automatically disseminates the best bid and offer. If a limit order is designated as all-or-none, the contingency that the order must be executed in full makes it ineligible for display in the best bid or offer. Nevertheless, such orders are maintained in the system and remain available for execution after all other trading interest at the same price has been exhausted.⁵ Upon the receipt of a non-marketable all-or-none limit order, the system automatically will send a broadcast message to all members notifying them that an all-or-none order to buy or to sell a specified number of contracts at a specified price has been placed on the book.

On July 9, 2009, the Exchange adopted a proposed rule change on a three-month pilot basis to specify that a non-marketable all-or-none limit order is deemed “exposed” for the purposes of Rule 717(d) and (e) one second following a broadcast notifying members that such an order to buy or sell a specified number of contracts at a specified price has been received in the options series. Thus, all of the terms of the order will be disclosed to all members. The current pilot program is set to expire on October 9, 2009.⁶ The Exchange now proposes to extend the current pilot program for another month, until November 9, 2009.

(b) *Basis*—The basis under the Securities Exchange Act of 1934 (“Exchange Act”) for this proposed rule change is the requirement under Section 6(b)(5) that an exchange have rules that are designed to promote just and equitable principles of trade, and to remove impediments to and 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, under the proposed rule change all-or-none orders will continue to be exposed to all members so that there is a greater opportunity for market participants to interact with such orders.

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

The proposed rule change does not impose any burden on competition that

⁴ 15 U.S.C. 78q–1(b)(3)(F).

⁵ 15 U.S.C. 78q–1.

⁶ 15 U.S.C. 78s(b)(2).

⁷ 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).

⁸ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ In Amendment No. 2, the Exchange made technical, non-substantive corrections to the filing.

⁴ See ISE Rule 716(d) (Facilitation Mechanism), Rule 716(e) (Solicited Order Mechanism) and Rule 723 (Price Improvement Mechanism for Crossing Transactions).

⁵ Supplementary Material .02 to ISE Rule 713.

⁶ See Exchange Act Release No. 60311 (July 15, 2009), 74 FR 36290 (July 22, 2009).