

(B) Self-Regulatory Organization's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments relating to the proposed rule change have not been solicited or received. OCC will notify the Commission of any written comments received by OCC.

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 up to 90 days (i) As the Commission may designate 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 the 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 Amendment No. 1, including whether the proposed rule change is consistent with the Act and with respect to the following:

- The Commission requests comment regarding the types of circumstances in which an auction would or would not be the most orderly procedure practicable for closing out clearing member portfolios. For example, in what circumstances would a private auction be a more or less orderly procedure than liquidating the defaulting member's positions on a national securities exchange?

- The Commission requests comment on whether a private auction limited to selected bidders could impose any burden on competition. In what ways, if any, would the effects on competition vary based the types of firms that are allowed to participate in an auction and the method used to select such participants?

Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commissions 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-OCC-2011-08 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-OCC-2011-08. 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 Section, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 pm. Copies of such filings will also be available for inspection and copying at the principal office of OCC and on OCC's Web site at http://www.optionsclearing.com/components/docs/legal/rules_and_bylaws/sr_occ_11_08_a_1.pdf.

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-OCC-2011-08 and should be submitted on or before October 12, 2011.

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

Elizabeth M. Murphy,
Secretary

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⁶ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-65535; File No. SR-FINRA-2011-045]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Revise the Series 7 Examination Program

September 20, 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 7, 2011, Financial Industry Regulatory Authority, Inc. ("FINRA") (f/k/a National Association of Securities Dealers, Inc. ("NASD")) filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as "constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule" under Section 19(b)(3)(A)(i) of the Act³ and Rule 19b-4(f)(1) thereunder,⁴ which renders the proposal effective upon receipt of this filing by 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

FINRA is filing revisions to the content outline and selection specifications for the General Securities Representative (Series 7) examination program.⁵ The proposed revisions update the material to reflect changes to the laws, rules and regulations covered by the examination and to better reflect the functions and associated tasks performed by a General Securities Representative and the relationships

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1).

⁵ FINRA also is proposing corresponding revisions to the Series 7 question bank, but based upon instruction from the Commission staff, FINRA is submitting SR-FINRA-2011-045 for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(1) thereunder, and is not filing the question bank for Commission review. See Letter to Alden S. Adkins, Senior Vice President and General Counsel, NASD Regulation, from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, dated July 24, 2000. The question bank is available for Commission review.

between the different components of the outline. FINRA is not proposing any textual changes to the By-Laws, Schedules to the By-Laws, or Rules of FINRA.

The revised content outline is attached.⁶ The Series 7 selection specifications have been submitted to the Commission under separate cover with a request for confidential treatment pursuant to SEA Rule 24b-2.⁷

The text of the proposed rule change is available on FINRA's Web site at <http://www.finra.org>, at the principal office of FINRA 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, FINRA 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. FINRA 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, Proposed Rule Change

1. Purpose

Section 15A(g)(3) of the Act⁸ authorizes FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members. In accordance with that provision, FINRA has developed examinations that are designed to establish that persons associated with FINRA members have attained specified levels of competence and knowledge, consistent with applicable registration requirements under FINRA Rules. FINRA periodically reviews the content of the examinations to determine whether revisions are necessary or appropriate in view of changes pertaining to the subject matter covered by the examinations.

NASD Rules and the rules incorporated from NYSE⁹ require that a

"representative," as defined in the respective rules,¹⁰ register and qualify as a General Securities Representative,¹¹ subject to certain exceptions.¹² The Series 7 examination is the FINRA examination that qualifies an individual to function as a General Securities Representative.

A committee of industry representatives, together with FINRA staff, recently undertook a review of the Series 7 examination program. As a result of this review, FINRA is proposing to make revisions to the content outline to reflect changes to the laws, rules and regulations covered by the examination and to better reflect the functions and associated tasks performed by a General Securities Representative and the relationship between the different components of the content outline.

Current Outline

The current content outline is divided into seven critical functions performed

to all FINRA members, the Incorporated NYSE Rules apply only to those members of FINRA that are also members of the NYSE ("Dual Members"). The FINRA Rules apply to all FINRA members, unless such rules have a more limited application by their terms. For more information about the rulebook consolidation process, see *Information Notice*, March 12, 2008 (Rulebook Consolidation Process). For convenience, the Incorporated NYSE Rules are referred to as the NYSE Rules.

¹⁰ See NASD Rule 1031(b) and NYSE Rule 10.

¹¹ See NASD Rules 1031(a) and 1032(a); NYSE Rules 345.10 and 345.15(2); and NYSE Rule Interpretation 345.15/02.

¹² If a representative does not engage in municipal securities activities, NASD and NYSE Rules permit the representative to register and qualify as a United Kingdom Securities Representative (Series 17) or Canada Securities Representative (Series 37/38). See NASD Rule 1032(a); and NYSE *Information Memoranda* Nos. 91-09 (March 21, 1991) and 96-06 (March 8, 1996). FINRA is filing proposed revisions to the Series 17 and Series 37/38 examination programs in conjunction with this filing. See SR-FINRA-2011-046; SR-FINRA-2011-047 and SR-FINRA-2011-048. NASD and NYSE Rules also provide that a representative is not required to register as a General Securities Representative if the person's activities are so limited as to qualify such person as an Investment Company and Variable Contracts Products Representative (Series 6) or a Direct Participation Programs Representative (Series 22). See NASD Rules 1032(a)(1), (b) and (c); NYSE Rule 345.15(3); and NYSE Rule Interpretation 345.15/02. Additionally, NASD Rules provide that a representative is not required to register as a General Securities Representative if the person's activities are so limited as to qualify such person as an Order Processing Assistant Representative (Series 11), Options Representative (Series 42), a Corporate Securities Representative (Series 62), Government Securities Representative (Series 72) or Private Securities Offerings Representative (Series 82). See NASD Rules 1032(a)(1), (d), (e), (g) and (h); and NASD Rules 1041 and 1042. Finally, certain representatives are subject to an additional registration and qualification requirement, Equity Traders (Series 55), or are subject to a separate registration and qualification requirement, Investment Banking Representatives (Series 79). See NASD Rules 1032(f) and (i).

by a General Securities Representative. The following are the number of questions associated with each of the seven functions, denoted 1 through 7:

- 1: 9 questions.
- 2: 4 questions.
- 3: 123 questions.
- 4: 27 questions.
- 5: 53 questions.
- 6: 13 questions.
- 7: 21 questions.

Each function also includes the tasks associated with performing that function. Further, the outline includes a section listing the applicable laws, rules and regulations with cross-references to the related functions and associated tasks.

Proposed Revisions

FINRA is proposing to divide the content outline into five major job functions performed by a General Securities Representative. The following are the five major job functions, denoted F1 through F5, and the number of questions associated with each of the five functions:

F1: Seeks Business for the Broker-Dealer through Customers and Potential Customers, 68 questions;

F2: Evaluates Customers' Other Security Holdings, Financial Situation and Needs, Financial Status, Tax Status, and Investment Objectives, 27 questions;

F3: Opens Accounts, Transfers Assets, and Maintains Appropriate Account Records, 27 questions;

F4: Provides Customers with Information on Investments and Makes Suitable Recommendations, 70 questions; and

F5: Obtains and Verifies Customer's Purchase and Sales Instructions, Enters Orders, and Follows Up, 58 questions.

Additionally, each job function includes certain tasks describing activities associated with performing that function. FINRA is proposing to revise the outline to better reflect the functions and associated tasks performed by a General Securities Representative.

The revised content outline also includes a knowledge section describing the underlying knowledge required to perform the major job functions and associated tasks and a rule section listing the laws, rules and regulations related to the job functions, associated tasks and knowledge statements. There are cross-references within each section to the other applicable sections.

As noted above, FINRA also is proposing to revise the content outline to reflect changes to the laws, rules and regulations covered by the examination. Among other revisions, FINRA is

⁶ The Commission notes that the revised content outline is attached to the filing rather than to this notice.

⁷ 17 CFR 240.24b-2.

⁸ 15 U.S.C. 78o-3(g)(3).

⁹ The current FINRA rulebook consists of (1) FINRA Rules; (2) NASD Rules; and (3) rules incorporated from NYSE ("Incorporated NYSE Rules") (together, the NASD Rules and Incorporated NYSE Rules are referred to as the "Transitional Rulebook"). While the NASD Rules generally apply

proposing to revise the content outline to reflect the adoption of rules in the consolidated FINRA rulebook (*e.g.*, FINRA Rule 3240 (Borrowing From or Lending to Customers)).

FINRA is proposing similar changes to the Series 7 selection specifications and question bank. The number of questions on the Series 7 examination will remain at 250 multiple-choice questions,¹³ and candidates will continue to have six hours to complete the examination.

Currently, a “scaled score” of 70 percent is required to pass the examination.¹⁴ A scaled score of 72 percent will be required to pass the revised examination.

Municipal Securities Activities

Currently, pursuant to MSRB Rule G–3, either the Municipal Securities Representative (Series 52) examination or the Series 7 examination qualifies an individual to function as a Municipal Securities Representative. FINRA is proposing to revise the Series 7 examination to reduce the emphasis on municipal securities activities. FINRA understands that the MSRB will file with the Commission a proposed rule change to amend MSRB Rule G–3 to provide that an individual qualifying as a Municipal Securities Representative by passing the Series 7 may only engage in municipal securities sales to, and purchases from, customers.

Availability of Content Outlines

The current Series 7 content outline is available on FINRA’s Web site, at <http://www.finra.org/brokerqualifications/exams>. The revised Series 7 content outline will replace the current content outline on FINRA’s Web site.

FINRA is filing the proposed rule change for immediate effectiveness. FINRA proposes to implement the revised Series 7 examination program on November 7, 2011. FINRA will announce the proposed rule change and the implementation date in a *Regulatory Notice*.

¹³ Consistent with FINRA’s practice of including “pre-test” questions on certain qualification examinations, which is to ensure that new examination questions meet acceptable testing standards prior to use for scoring purposes, each examination includes 10 additional, unidentified pre-test questions that do not contribute towards the candidate’s score. Therefore, the examination actually consists of 260 questions, 250 of which are scored. The 10 pre-test questions are randomly distributed throughout the examination.

¹⁴ The examination questions are randomly selected from the question bank, which may result in slight variations in the difficulty of the examinations. The use of a scaled score is intended to place the examinations on equal ground.

2. Statutory Basis

FINRA believes that the proposed revisions to the Series 7 examination program are consistent with the provisions of Section 15A(b)(6) of the Act,¹⁵ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 15A(g)(3) of the Act,¹⁶ which authorizes FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members. FINRA believes that the proposed revisions will further these purposes by updating the examination program to reflect changes to the laws, rules and regulations covered by the examination and to better reflect the functions and associated tasks performed by a General Securities Representative.

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

FINRA does not believe that the proposed rule change will result in 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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁷ and paragraph (f)(1) of Rule 19b–4 thereunder.¹⁸ FINRA proposes to implement the revised Series 7 examination program on November 7, 2011. FINRA will announce the implementation date in a *Regulatory Notice*.

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–FINRA–2011–045 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.

All submissions should refer to File Number SR–FINRA–2011–045. 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 FINRA. 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–FINRA–2011–045 and should be submitted on or before October 18, 2011.

¹⁵ 15 U.S.C. 78o–3(b)(6).

¹⁶ 15 U.S.C. 78o–3(g)(3).

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b–4(f)(1).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Elizabeth M. Murphy,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-65371; File No. SR-C2-2011-021]

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to the Exchange's Automated Improvement Mechanism

September 21, 2011.

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 September 16, 2011, the C2 Options Exchange, Incorporated ("Exchange" or "C2") 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 the Exchange. The Exchange has designated the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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 C2 Rule 6.51, *Automated Improvement Mechanism* ("AIM"). The text of the proposed rule change is available on the Exchange's Web site (<http://www.c2exchange.com/Legal/RuleFilings.aspx>), at the Exchange's Office of the Secretary 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 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 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

C2 Rule 6.51 governs the operation of an Exchange feature that allows agency orders to electronically execute against principal or solicited interest pursuant to a crossing entitlement after being exposed in an auction (referred to as "AIM"). The purpose of this proposed rule change is to incorporate a provision into the rule that would provide the Exchange with the ability to determine to apply a price-time priority allocation algorithm for the SPXPM option class,⁵ subject to certain conditions.

Currently, Rule 6.51(b)(3) specifies that agency orders may be allocated via AIM at the best price(s) pursuant to the allocation algorithm in effect for the class, subject to various conditions set forth in subparagraphs (b)(3)(A) through (I), including a requirement that public customer orders in the book shall have priority over the crossing entitlement. As proposed, the rule change would provide the Exchange with the flexibility to permit the allocation algorithm in effect for AIM in the SPXPM option class to be the price-time priority allocation algorithm (as provided in Rule 6.12, *Order Execution and Priority*) even if the allocation algorithm in effect for intra-day trading in the class is some other allocation algorithm.⁶ If a determination is made to use price-time priority for AIM in the SPXPM option class, allocations would still be subject to the various conditions set forth in subparagraphs (b)(3)(A) through (I) of Rule 6.51, including the requirements that public customer orders in the book have priority over the crossing entitlement and that the crossing entitlement generally be limited to 40% (as specified in more

detail in Rule 6.51). All pronouncements regarding allocation algorithm determinations by the Exchange for AIM in SPXPM will be announced to C2 Trading Permit Holders via Regulatory Circular.

As noted above, the price-time priority allocation algorithm that would be applied to AIM for the SPXPM option class is one of the algorithms specified in Rule 6.12. Thus, the Exchange is not creating any new algorithm for the AIM mechanism with respect to SPXPM, but is amending Rule 6.51 to provide the flexibility to choose the price-time priority allocation algorithm for AIM in the SPXPM option class rather than simply defaulting to the algorithm that will be in effect for intra-day trading in the SPXPM options class (e.g., the algorithm for intra-day trading in SPXPM may be established as pro-rata priority (without public customer priority)), while the algorithm for AIM may be established as price-time priority (subject to certain conditions set out in the AIM rule, including the requirement that public customers have priority over the crossing entitlement). All other aspects of AIM, pursuant to Rule 6.51, shall apply unchanged.⁷

Having this additional flexibility will allow the Exchange to select the price-time priority allocation algorithm for AIM in the SPXPM option class (which algorithm is included among the existing algorithms set forth in Rule 6.12) even when a different allocation algorithm may be in effect for intra-day trading in the SPXPM option class. The Exchange notes that public customer orders are not impacted by this proposed rule change because, as discussed above, public customer priority is one of the conditions of the AIM auction that does not change regardless of on the base allocation algorithm that is applicable for the class. Thus, regardless of the base allocation algorithm in effect for intra-day trading and AIM in the class (e.g., price-time priority or pro-rata priority), public customer orders in the book have priority to execute before any crossing entitlement is applied or any remaining balance after the application of the entitlement is allocated pursuant to the base algorithm.⁸ For example:

⁷ In connection with this change, the Exchange is also proposing a non-substantive amendment to Rule 6.51. Specifically, the Exchange is proposing to replace the term "matching algorithm" with "allocation algorithm" so there is consistency in the use of terms within the rules. See proposed changes to Rule 6.51(b)(3).

⁸ To the extent that public customers may strategically rest orders based on the allocation algorithm employed for intra-day and auction trading on a given exchange, public customers can (and already would today under the existing rules)

¹⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ SPXPM is the ticker symbol for the P.M.-settled S&P 500 Index options to be listed and traded on C2. See Securities Exchange Act Release No. 65256 (September 2, 2011) (SR-C2-2011-008).

⁶ The allocation algorithms include price-time priority, pro-rata priority, and price-time with primary public customer and secondary trade participation right priority. Each of these base allocation methodologies can be supplemented with an optional market turner priority overlay. See Rule 6.12(a) through (b).