

**Federal Register** on July 1, 2008.<sup>3</sup> The Commission received no comments on the proposal. This order approves the proposed rule change.

## II. Description of the Proposal

Nasdaq proposes to amend its fees related to orders routed to the NASDAQ Options Market ("NOM") via the Options Linkage to establish a Linkage Fee Pilot Program that is effective through July 31, 2009 and to clarify the application of options transaction fees for trades executed through Options Linkage on the Exchange. Under this pilot, the fees applicable to Nasdaq members entering orders directly into NOM systems will apply to Nasdaq members and non-members that enter orders into other options exchanges that are then routed to Nasdaq via the Options Linkage and executed on NOM.

Under the Exchange's current Rule 7050(1), members are charged a fee of \$0.45 per executed contract for orders entered and then executed on the NOM. Nasdaq's current rule does not differentiate between orders entered directly into the NOM via Nasdaq systems and orders received by Nasdaq via the Linkage. Since the launch of the NOM, Nasdaq has been assessing the same fee for all orders executed on behalf of members on its market regardless of whether such orders were entered directly into Nasdaq systems or via the Options Linkage.

## III. Discussion and Commission Findings

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 national securities exchange.<sup>4</sup> In particular, the Commission finds that the proposal is consistent with section 6(b)(4) of the Act,<sup>5</sup> which requires that an exchange have rules that provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

Under the Exchange's current rule, the fee for members entering an order that executes on the NOM is \$0.45 per executed contract. Nasdaq's current rule does not specifically provide that the same \$0.45 options transaction fee is charged for trades routed to Nasdaq via the Options Linkage. The Exchange's proposal would establish a Linkage Fee

Pilot Program, for a period ending July 31, 2009, that would charge \$0.45 per executed contract to members or non-members entering orders via the Options Linkage that execute in NOM. Accordingly, the Commission believes that the Exchange's proposed rule change and Linkage Fee Pilot Program clearly sets forth the fees imposed on Linkage Orders.

Because the Exchange may have assessed the options transaction fee on Linkage Orders prior to this approval and, therefore, without authority, any parties assessed the options transaction fee for Linkage Orders prior to the approval of this proposed rule change may seek reimbursement. In addition, the Commission notes that the Options Linkage fees are assessed pursuant to a pilot scheduled to end July 31, 2009 and that the Commission is continuing to evaluate whether such fees are appropriate and consistent with the Act.

## IV. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,<sup>6</sup> that the proposed rule change (SR-NASDAQ-2008-055) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Florence E. Harmon,**

*Acting Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-58305; File No. SR-NASDAQ-2008-063]

### Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Modify the Rules Governing the Requirements for Market Maker Quotations on the NASDAQ Options Market

August 5, 2008.

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 July 15, 2008, The NASDAQ Stock Market LLC ("NASDAQ") 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 NASDAQ. NASDAQ 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

Nasdaq proposes to modify Chapter VII, Section 6 of the Nasdaq rules governing the requirements for market maker quotations on the NASDAQ Options Market ("NOM"). The text of the proposed rule change is below. Proposed new language is *italicized*; proposed deletions are in brackets.<sup>4</sup>

\* \* \* \* \*

#### *Chapter VII, Sec. 6 Market Maker Quotations*

(a) Size Associated with Quotes. A Market Maker's bid and offer for a series of options contracts shall be accompanied by the number of contracts at that price the Market Maker is willing to buy or sell. The best bid and best offer entered by a Market Maker must have a size of at least [ten (10)] *one (1)* contract[s].

(b)-(e) No Change.

\* \* \* \* \*

### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, NASDAQ 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. NASDAQ 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

On March 12, 2008, the Commission approved SR-NASDAQ-2007-004 and SR-NASDAQ-2007-080, proposals to create the NASDAQ Options Market or

<sup>3</sup> See Securities Exchange Act Release No. 58014 (June 24, 2008), 73 FR 37520.

<sup>4</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>5</sup> 15 U.S.C. 78f(b)(4).

<sup>6</sup> 15 U.S.C. 78s(b)(2).

<sup>7</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> Changes are marked to the rule text that appears in the electronic Nasdaq Manual found at <http://nasdaq.complinet.com>.

NOM.<sup>5</sup> NOM has been performing above expectations since NASDAQ launched trading on March 31, 2008. There are multiple firms registered as market makers and over two dozen additional firms providing liquidity through NOM's system. NOM's market share of listed options continues to grow although NOM trades only a small percentage of all available options classes and series. Despite this early success, NASDAQ continues to monitor the market to identify instances where market efficiency can be enhanced.

NASDAQ believes that the efficiency of its market can be enhanced by permitting market makers to enter quotations for one or more contracts rather than requiring that they enter quotations for 10 or more contracts in series in which they are registered. NASDAQ projects that modifying the quotations requirements in this manner will encourage more options trading firms to register as market makers on NOM and to provide more liquidity to NOM participants. An overall increase in liquidity will benefit investors and serve the public interest.

The NOM Rules will continue to ensure that market makers actively quote. For example, NOM Rule Chapter VII, Section 6(d)(i) states that, on a daily basis, a market maker must maintain continuous two-sided quotations and participate in the pre-opening phase in 75% of the options series in which the market maker is registered. In addition, NOM provides functionality that allows registered market makers to automatically input a quotation on the side of the market that has been depleted. Moreover, pursuant to paragraph (d)(ii) of Section 6, Nasdaq Regulation may call upon a market maker registered in a particular series to maintain continuous bids or offers. Thus, Nasdaq may require a market maker to continuously quote if it is the only registered market maker in the series.

NASDAQ believes that this proposal is consistent with the Act and also with the Commission's well-settled position that the Act does not mandate any particular market model:

The Commission agrees that the Act does not mandate a particular market model for national securities exchanges, and believes that many different types of market models could satisfy the requirements of the Act. The Commission does not believe that the Act requires an exchange to have market makers. Although Market Makers could be an important source of liquidity on NOM, they

likely will not be the only source. In particular, the NOM System is designed to match buying and selling interest of all Participants on NOM. The Commission therefore believes that the NOM structure is consistent with the Act.<sup>6</sup>

The Commission went on to note that "[i]n its release adopting Regulation ATS, the Commission rejected the suggestion that a guaranteed source of liquidity was a necessary component of an exchange" and that the approved rules of the Archipelago Exchange did not include a market maker requirement.<sup>7</sup>

Nasdaq's proposal is also consistent with the current practice of the NYSE/Arca Exchange of permitting options market makers to enter quotations for one contract. The NYSE/Arca Options Market Maker Orientation Manual states that a market maker quotation must be entered for a minimum of one contract:

All Market Makers must contribute to the maintenance of a fair and orderly market. Market Makers must honor the number of contracts entered into the system in all series of options classes within their Appointment. Any change to a quote (including reduction of volume) causes the quote to lose priority. **The minimum size is one contract.** Neither LMMs or MMs are required to quote on the Opening Auction. (emphasis added).<sup>8</sup>

Nasdaq proposes to adopt the same requirement and to make it transparent by including it in Nasdaq's official rule manual.

## 2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>9</sup> in general and with Section 6(b)(5) of the Act,<sup>10</sup> in particular, in that it is designed 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; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The proposed changes are consistent with the statute in that they are designed to facilitate transactions in options on the Nasdaq Options Market by encouraging participants to provide liquidity through Nasdaq's system. If the

proposal succeeds in attracting additional liquidity providers and additional liquidity, the Nasdaq system will then match more buying and selling interest between and among all NOM participants.

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

Nasdaq 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. To the contrary, the proposal is designed to enhance competition and is based upon the rules of another national securities exchange that trades standardized options.

### 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

Nasdaq has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act,<sup>11</sup> and Rule 19b-4(f)(6) thereunder.<sup>12</sup> Nasdaq believes that the rule change should take effect immediately upon filing because it will effect a change that: (1) Does not significantly affect the public interest or the protection of investors, and (2) does not impose any significant burden on competition, and (3) does not become operative for 30 days after the date of this filing. As such, the proposal is effective upon filing with the Commission. Nasdaq intends to make this rule proposal operative 30 days after the date of filing.

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

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>6</sup> *Id.* at 14527 (footnotes omitted).

<sup>7</sup> *Id.* at note 92.

<sup>8</sup> [http://www.nyse.com/pdfs/Options\\_MM\\_Orientation\\_Manual.pdf](http://www.nyse.com/pdfs/Options_MM_Orientation_Manual.pdf) at page 2.

<sup>9</sup> 15 U.S.C. 78f.

<sup>10</sup> 15 U.S.C. 78f(b)(5).

<sup>5</sup> Securities Exchange Act Release No. 57478 (March 12, 2008), 73 FR 14521 (March 18, 2008) (order approving SR-NASDAQ-2007-004 and 2007-080).

*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 No. SR–NASDAQ–2008–063 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–NASDAQ–2008–063. 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 NASDAQ. 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–NASDAQ–2008–063 and should be submitted on or before September 2, 2008.

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

**Florence E. Harmon,**  
*Acting Secretary.*

[FR Doc. E8–18459 Filed 8–8–08; 8:45 am]

**BILLING CODE 8010–01–P**

**SMALL BUSINESS ADMINISTRATION**

**[Disaster Declaration #11353 and #11354]**

**Texas Disaster #TX–00297**

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Notice.

**SUMMARY:** This is a Notice of the Presidential declaration of a major disaster for the State of Texas (FEMA–1780–DR), dated 07/31/2008.  
*Incident:* Hurricane Dolly.  
*Incident Period:* 07/22/2008 and continuing.

**DATES:** *Effective Date:* 07/31/2008.  
*Physical Loan Application Deadline Date:* 09/30/2008.  
*Economic Injury (Eidl) Loan Application Deadline Date:* 05/01/2009.

**ADDRESSES:** Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

**FOR FURTHER INFORMATION CONTACT:** M. Mitravich, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street, SW., Suite 6050, Washington, DC 20416.

**SUPPLEMENTARY INFORMATION:** Notice is hereby given that as a result of the President’s major disaster declaration on 07/31/2008, applications for disaster loans may be filed at the address listed above or other locally announced locations.

The following areas have been determined to be adversely affected by the disaster:

*Primary Counties (Physical Damage and Economic Injury Loans):*

Cameron, Hidalgo, Willacy.

*Contiguous Counties (Economic Injury Loans Only):*

Texas: Brooks, Starr, Kenedy.

The Interest Rates are:

	Percent
<i>For Physical Damage:</i>	
Homeowners With Credit Available Elsewhere .....	5.375
Homeowners Without Credit Available Elsewhere .....	2.687
Businesses With Credit Available Elsewhere .....	8.000
Other (Including Non-Profit Organizations) With Credit Available Elsewhere .....	5.250
Businesses and Non-Profit Organizations Without Credit Available Elsewhere .....	4.000
<i>For Economic Injury:</i>	
Businesses & Small Agricultural Cooperatives Without Credit Available Elsewhere .....	4.000

The number assigned to this disaster for physical damage is 113538 and for economic injury is 113540.  
(Catalog of Federal Domestic Assistance Numbers 59002 and 59008)

**Herbert L. Mitchell,**  
*Associate Administrator for Disaster Assistance.*

[FR Doc. E8–18443 Filed 8–8–08; 8:45 am]

**BILLING CODE 8025–01–P**

**SMALL BUSINESS ADMINISTRATION**

**HUBZone Program**

**AGENCY:** U.S. Small Business Administration (SBA).

**ACTION:** Notice of methodology for measuring the economic impact of the HUBZone Program.

**SUMMARY:** In June 2008, the Government Accountability Office (GAO) issued its findings on the U.S. Small Business Administration (SBA) Historically Underutilized Business Zone (HUBZone) Program. One of GAO’s findings is that the SBA does not assess the Program’s economic impact. The GAO noted the importance of this given that the HUBZone Program is primarily defined by economic factors (household income, unemployment rate, and poverty rate).

On June 6, 2008, the SBA responded to GAO’s findings, and provided several steps to address them. One of these steps is to develop a methodology for assessing the Program’s economic impact.

This paper outlines the anticipated methodology for this assessment. The paper will provide a brief description of the different methodological options currently available for undertaking an impact assessment. It will then provide a basic description of the HUBZone Program. Finally, it will detail the specific methodology chosen for measuring the Program’s economic impact.

The complexity of assessing the Program’s economic impact lies in that there are multiple government agencies using three relevant procurement mechanisms, and five classes of HUBZones. In addition, the required data for this assessment will be derived from four different databases. This multiple database feature, as well as other documented data issues of the HUBZone Program, increases the difficulty of correctly identifying the assessment’s relevant data elements. This methodology assumes that these data issues will be addressed.

This methodology will trace Federal contract dollars as they flow to the

<sup>13</sup> 17 CFR 200.30–3(a)(12).