

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-62582; File No. SR-OC-2010-03]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by OneChicago, Amending Rule 419(a), Regulatory Halts

July 28, 2010.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-7 under the Act,<sup>2</sup> notice is hereby given that on July 13, 2010, OneChicago, LLC (“OneChicago” or “OCX”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change 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. OneChicago also has filed the proposed rule change with the Commodity Futures Trading Commission (“CFTC”) under Section 5c(c) of the Commodity Exchange Act<sup>3</sup> on July 12, 2010.

#### I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

OneChicago is proposing to amend its Rule 419(a) and the Interpretation thereto, to make it clear that a “regulatory halt” applies not only to the suspending of all trading in equity securities in the underlying national securities exchange but also to a trading pause on an individual underlying equity security that has been imposed by the rules of the national securities exchange. OneChicago filed a similar rule change on June 15, 2010. However, after further discussion with the staffs of both the Commission and the CFTC it has agreed to make this additional amendment. These changes will make the provisions [sic] Rule 419 consistent with the Order Granting Accelerated Approval to Proposed Rule Changes Relating to Trading Pauses Due to Extraordinary Market Volatility, issued by the Commission on June 10, 2010 (Release No. 34-62252).

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

OneChicago has prepared statements concerning the purpose of, and basis for,

the proposed rule change, burdens on competition, and comments received from members, participants, and others. The text of these statements may be examined at the places specified in Item IV below. These statements are set forth in Sections A, B, and C below.

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

##### 1. Purpose

The purpose of this proposed rule change is [sic] make it clear that a trading pause imposed by a national securities exchange to an equity security underlying a single stock future will also be subject to a trading pause by the Exchange pursuant to Rule 419. Presently, it is not clear that this is the case because of the language of Commodity Futures Trading Commission Regulation § 41.1(l)(2). This change will clarify any possible confusion.

##### 2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(5) of the Act<sup>4</sup> in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to protect investors and the public interest, and to remove impediments to and perfect the mechanism for a free and open market and a national market system. Accordingly, under Section 6(h)(3)(C) the requirements for listing standards and conditions for trading for security futures must “be no less restrictive than comparable listing standards for options traded on a national securities exchange \* \* \*”.

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

OneChicago does not believe that the proposed rule change will have an impact on competition.

#### C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Comments on the OneChicago proposed rule change have not been solicited and none have been received.

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

The proposed rule change will become effective on July 14, 2010. Within 60 days of the date of effectiveness of the proposed rule

change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.<sup>5</sup>

#### 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-OC-2010-03 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-OC-2010-03. 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 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

<sup>1</sup> 15 U.S.C. 78s(b)(7).

<sup>2</sup> 17 CFR 240.19b-7.

<sup>3</sup> 7 U.S.C. 7a-2(c).

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

<sup>5</sup> 15 U.S.C. 78s(b)(1).

Number SR–OC–2010–03 and should be submitted on or before August 25, 2010.

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

**Florence E. Harmon,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–62587; File No. SR–EDGX–2010–08]

### Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend EDGX Rule 11.12

July 29, 2010.

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 July 22, 2010, the EDGX Exchange, Inc. (the “Exchange” or the “EDGX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II 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 the Substance of the Proposed Rule Change

The Exchange proposes to amend EDGX Rule 11.12 to modify potential liability caps applicable under the rule. The text of the proposed rule change is available on the Exchange’s Internet Web site at <http://www.directedge.com>, at the principal office of the Exchange, on the Commission’s Internet Web site at <http://www.sec.gov>, 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

Currently, the Exchange provides a limited exception to its general limitation of liability rules that allows for the payment of claims to Users<sup>3</sup> for order processing failures on the Exchange. The Exchange proposes to modify its process for allocating such payments and extend the time period for Users to submit such claims. Under the proposal, the Exchange will eliminate the \$100,000 and \$250,000 daily caps on liability and consider all such claims on a monthly basis subject to the already existing \$500,000 monthly liability cap. If the total amount of all claims from all Users in calendar month exceeds the \$500,000 monthly liability cap, the \$500,000 maximum monthly dollar amount will be proportionally allocated among all such claims as set forth in the current rule.

The Exchange is also proposing to extend, until 12 noon ET on the next business day following the day on which the use of the Exchange gives rise to the claim, the time period during which claims seeking compensation must be submitted.

The proposal, in effect, would allow the Exchange an increased capability to compensate a market participant(s) up to the monthly cap of \$500,000 even though the losses occurred on a single day or were across multiple days for a single participant. The expansion of time to make such compensation claims likewise increases the ability of market participants to submit claims in a timely manner. Finally, the Exchange notes that other market centers have rules in place to provide limited compensation for system malfunctions.<sup>4</sup>

##### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>5</sup>

<sup>3</sup> Exchange Rule 1.5(cc) defines “User” as “any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3.”

<sup>4</sup> See Securities Exchange Act Release No. 60794 (October 6, 2009), 74 FR 52522 (October 13, 2009) (SR–NASDAQ–2009–084) (relating to amendments to NASDAQ Rule 4626); NYSE Arca Equities Rule 13.2; and International Securities Exchange Rule 705.

<sup>5</sup> 15 U.S.C. 78f.

in general, and Section 6(b)(5) of the Act,<sup>6</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 proposal, in effect, would allow the Exchange an increased capability to compensate a market participant(s) up to the monthly cap of \$500,000 even though the losses occurred on a single day or were across multiple days for a single participant. The expansion of time to make such compensation claims likewise increases the ability of market participants to submit claims in a timely manner.

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

The proposed rule change does not impose 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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>7</sup> and Rule 19b–4(f)(6) thereunder.<sup>8</sup> Because the 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A)

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>8</sup> 17 CFR 240.19b–4(f)(6).

<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.