

and Exchange Commission (“SEC”) (each, an “Agency,” and collectively, the “Agencies”).

**ACTION:** Notice of roundtable discussion; request for comment.

**SUMMARY:** On August 20, 2010, commencing at 9 a.m. and ending at 12 p.m., staff of the Agencies will hold a public roundtable discussion at which invited participants will discuss governance and conflicts of interest in the context of certain authority that Sections 726 and 765 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) granted to the Agencies respectively. The discussion will be open to the public with seating on a first-come, first-served basis. Members of the public may also listen by telephone. Call-in participants should be prepared to provide their first name, last name, and affiliation. The information for the conference call is set forth below.

- U.S./Canada Toll-Free: (866) 312-4390.
- International Toll: (404) 537-3379.
- Conference ID: 94280143.

A transcript of the public roundtable discussion will be published on the CFTC’s governance rulemaking page at [http://www.cftc.gov/LawRegulation/OTCDerivatives/OTC\\_9\\_DCOGovernance.html](http://www.cftc.gov/LawRegulation/OTCDerivatives/OTC_9_DCOGovernance.html).

The roundtable discussion will take place in Lobby Level Hearing Room (Room 1000) at the CFTC’s headquarters at Three Lafayette Centre, 1155 21st Street, NW., Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** The CFTC’s Office of Public Affairs at (202) 418-5080 or the SEC’s Office of Public Affairs at (202) 551-4120.

**SUPPLEMENTARY INFORMATION:** The roundtable discussion will take place on Friday, August 20, 2010, commencing at 9 a.m. and ending at 12 p.m. Members of the public who wish to submit their views on the topics addressed at the discussion, or on any other topics related to governance and conflicts of interest in the context of the Act, may do so via:

- Paper submission to David Stawick, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581, or Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090; or
- Electronic submission to the e-mail address provided on the CFTC’s governance rulemaking page (all e-mails must reference “Dodd-Frank Governance” in the subject field); and/or by email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

or through the comment form available at: <http://www.sec.gov/news/press/2010/2010-148.htm>.

All submissions will be reviewed jointly by the Agencies. All comments must be in English or be accompanied by an English translation. All submissions provided to either Agency in any electronic form or on paper will be published on the Web site of the respective Agency, without review and without removal of personally identifying information. Please submit only information that you wish to make publicly available.

By the Securities and Exchange Commission.

Dated: August 16, 2010.

**Elizabeth M. Murphy,**  
Secretary.

By the Commodity Futures Trading Commission.

Dated: August 16, 2010.

**David A. Stawick,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-62719; File No. SR-BX-2010-056]

### Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Establishing Strike Price Intervals for Options on Trust Issued Receipts, Including Holding Company Depository Receipts

August 13, 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 August 9, 2010, NASDAQ OMX BX, Inc. (the “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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 OMX BX, Inc. (the “Exchange”) proposes to amend Chapter IV, Section 6 (Series of Options

Contracts Open for Trading) of the Rules of the Boston Options Exchange Group, LLC (“BOX”) to establish strike price intervals for options on Trust Issued Receipts (“TIRs”), including Holding Company Depository Receipts (“HOLDRs”). The text of the proposed rule change is available from the principal office of the Exchange, on the Commission’s Web site at <http://www.sec.gov>, at the Commission’s Public Reference Room and also on the Exchange’s Internet Web site at <http://nasdaqomxbx.cchwallstreet.com/NASDAQOMXBX/Filings/>.

#### 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

The purpose of this filing is to amend Chapter IV, Section 6, Supplementary Material .01 of the BOX Rules to allow BOX to list options on Trust Issued Receipts (“TIRs”), including Holding Company Depository Receipts (“HOLDRs”), in \$1 or greater strike price intervals, where the strike price is \$200 or less, and \$5 or greater where the strike price is greater than \$200.<sup>3</sup>

Currently, the strike price intervals for options on TIRs are as follows: (1) \$2.50 or greater where the strike price is \$25.00 or less; (2) \$5.00 or greater where the strike price is greater than \$25.00; and (3) \$10.00 or greater where the strike price is greater than \$200.<sup>4</sup>

BOX is seeking to permit \$1 strikes for options on TIRs where the strike price is less than \$200 because TIRs have characteristics similar to exchange traded funds (“ETFs”). Specifically, TIRs are exchange-listed securities representing beneficial ownership of the specific deposited securities represented by the receipts. They are negotiable

<sup>3</sup> HOLDRs are a type of TIR and the current proposal would permit \$1 strikes for options on HOLDRs where the strike price is less than \$200.

<sup>4</sup> See Chapter IV, Section 6(d) of the BOX Rules.

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

<sup>2</sup> 17 CFR 240.19b-4.

receipts issued by a trust representing securities of issuers that have been deposited and held on behalf of the holders of the TIRs. TIRs, which trade in round-lots of 100, and multiples thereof, may be issued after their initial offering through a deposit with the trustee of the required number of shares of common stock of the underlying issuers. This characteristic of TIRs is similar to that of ETFs, which also may be created on any business day upon receipt of the requisite securities or other investment assets comprising a creation unit. The trust only issues receipts upon the deposit of the shares of the underlying securities that are represented by a round-lot of 100 receipts. Likewise, the trust will cancel, and an investor may obtain, hold, trade or surrender TIRs in a round-lot and round-lot multiples of 100 receipts.

Strike prices for ETF options are permitted in \$1 or greater intervals where the strike price is \$200 or less and \$5 or greater where the strike is greater than \$200. Accordingly, BOX believes that the rationale for permitting \$1 strikes for ETF options equally applies to permitting \$1 strikes for options on TIRs. BOX has analyzed its capacity and believes the Exchange and the Options Price Reporting Authority ("OPRA") have the necessary systems capacity to handle the additional traffic associated with the listing and trading of \$1 strikes where the strike price is less than \$200 for options on TIRs.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Securities Exchange Act of 1934 ("Exchange Act"),<sup>5</sup> in general, and Section 6(b)(5) of the Exchange Act,<sup>6</sup> in particular, in that it is designed 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 for a free and open market and national market system and, in general, to protect investors and the public interest. In particular, BOX believes that the marketplace and investors expect options on TIRs to trade in a similar manner to ETF options. BOX further believes that investors will be better served if \$1 strike price intervals are available for options on TIRs where the strike price is less than \$200.

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

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

## 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

The Exchange has neither solicited nor received comments on the proposed rule change.

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

Because the foregoing proposed rule change does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, by its terms, does not 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>7</sup> and Rule 19b-4(f)(6) thereunder.<sup>8</sup>

The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because the proposal is substantially similar to a rule of another exchange that has been approved by the Commission.<sup>9</sup> Therefore, the Commission designates the proposal operative upon filing.<sup>10</sup>

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.

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

<sup>8</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the self-regulatory organization to submit to the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied the five-day pre-filing requirement.

<sup>9</sup> See Securities Exchange Release No. 34-62141 (May 20, 2010), 75 FR 29787 (May 27, 2010) (SR-CBOE-2010-036).

<sup>10</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

## 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-2010-056 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-BX-2010-056. 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 the 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-2010-056 and should be submitted on or before September 9, 2010.

<sup>11</sup> 17 CFR 200.30-3(a)(12).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-62712; File No. SR-CBOE-2010-074]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposal To Extend the Cut-Off Time To Submit Contrary Exercise Advices

August 12, 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 August 11, 2010, the Chicago Board Options Exchange, Incorporated ("Exchange" or "CBOE") 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 filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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

CBOE proposes to amend Rule 11.1 to extend the cut-off time to submit contrary exercise advices. The text of the rule proposal is available on the Exchange's website (<http://www.cboe.org/legal>), at the Exchange's Office of the Secretary, and at the Commission 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 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 Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The purpose of the proposed rule change is to amend Rule 11.1 to extend the cut-off time to submit contrary exercise advices ("Contrary Exercise Advice", or "CEA")<sup>5</sup> to the Exchange. The Exchange also proposes to make certain non-substantive changes to the text of Rule 11.1 to more clearly present the existing requirements.

The Options Clearing Corporation ("OCC") has an established procedure, under OCC Rule 805, that provides for the automatic exercise of certain options that are in-the-money by a specified amount known as "Exercise-by-Exception" or "Ex-by-Ex." Under the Ex-by-Ex process, options holders holding option contracts that are in-the-money by a requisite amount and who wish to have their contracts automatically exercised need take no further action. However, under OCC Rule 805, option holders who do not want their options automatically exercised or who want their options to be exercised under different parameters than that of the Ex-by-Ex procedures must instruct OCC of their "contrary intention."

In addition to and separate from the OCC requirement, under Exchange Rule 11.1 option holders must file a CEA with the Exchange notifying it of the contrary intention. Rule 11.1 is designed, in part, to deter individuals from taking improper advantage of late breaking news by requiring evidence of an option holder's timely decision to exercise or not exercise expiring equity options. Trading Permit Holders satisfy this evidentiary requirement by submitting a CEA form directly to the Exchange, or by electronically submitting the CEA to the Exchange through OCC's electronic communications system. The submission of the CEA allows the Exchange to satisfy its regulatory obligation to verify that the decision to make a contrary exercise was made timely and in accordance with Rule 11.1.

Currently under Rule 11.1, option holders have until 1 hour 28<sup>6</sup> minutes following the time announced for the close of trading on that day on the day prior to expiration to make a final decision to exercise or not exercise an expiring option that would otherwise either expire or be automatically exercised. A Trading Permit Holder may not accept CEA instructions from its customer or non customer accounts after 1 hour 28 minutes. However, the current rule gives Trading Permit Holders an additional one hour, up to 2 hours 28 minutes, to submit these CEA instructions to the Exchange where such Trading Permit Holder uses an electronic submission process.

The Exchange proposes to extend the current deadline for submitting CEA instructions to the Exchange by one additional hour and 2 minutes, up to 3 hours 30 minutes following the time announced for the close of trading on that day for those Trading Permit Holders who use an electronic submission process.<sup>7</sup> The Exchange believes that this proposed rule change is necessary to address concerns expressed by Trading Permit Holders that, given the decrease in the Ex-by-Ex threshold and the increase in trading, the existing deadline for submitting CEAs to the Exchange is problematic for timely back-office processing. The proposed additional one hour and 2 minutes will address this concern by further enabling firms to more timely manage, process, and submit the instructions to the Exchange.

It is important to note that this proposed submission deadline does not change the substantive requirement that option holders make a final decision by 1 hour and 30 minutes following the time announced for the close of trading on that day. The Exchange will continue to enforce the cut-off time to submit CEAs, while also allowing additional time to process and submit the CEAs. This proposal seeks to increase that additional submission time by one hour, and the Exchange believes that this proposal will be beneficial to the marketplace, particularly as it concerns back-office processing. The initiative to

<sup>6</sup> CBOE is proposing to amend the current rule relating to the deadline to make a final decision to exercise or not exercise an expiring option from 1 hour 28 minutes to 1 hour 30 minutes following the time announced for the close of trading on that day to make it consistent with the current equity option market close of trading (3:00 p.m. CT). See Securities Exchange Act Release No. 34-53246 (February 7, 2007), SR-CBOE-2005-104, 71 FR 8014 (February 15, 2006) (Order approving proposed change to amend Exchange Rules governing the hours of trading in equity options and narrow-based index options).

<sup>7</sup> That time would be 6:30 P.M. Central Time.

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

<sup>2</sup> 17 CFR 240.19b-4.

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

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

<sup>5</sup> Contrary Exercise Advices are also referred to as Expiring Exercise Declarations ("EED") in the OCC rules.