

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 MSRB. 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-MSRB-2010-02 and should be submitted on or before April 23, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>29</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-61798; File No. SR-NSCC-2010-04]

### Self-Regulatory Organizations; The National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Set the Effective Date for the Elimination of the Guaranty of Payment With Respect to Its Envelope Settlement Service

March 29, 2010.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> notice is hereby given that on March 8, 2010, the National Securities Clearing Corporation (“NSCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II, and III below, which items have been prepared primarily by NSCC. NSCC filed the proposal pursuant to section 19(b)(3)(A)(i) of the Act<sup>2</sup> and Rule 19b-4(f)(1)<sup>3</sup> thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the rule change from interested parties.

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

The proposed rule change will set the effective date for the elimination of a guaranty of payment (and associated rule changes) with respect to NSCC’s

Envelope Settlement Service (“ESS”) as of April 1, 2010.

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

In its filing with the Commission, NSCC 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. NSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.<sup>4</sup>

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

On March 1, 2010, the Commission approved rule filing SR-NSCC-2010-01 (“Approved Filing”) relating to NSCC’s elimination of the guaranty of payment in connection with ESS.<sup>5</sup> Specifically, the approval will give effect to specified changes to Rule 9, Addendum D, Addendum K, and Procedure XV of NSCC’s rules and procedures as set forth in Exhibit 5 of the Approved Filing, to: (1) Eliminate NSCC’s guaranty of the payment to the receiving NSCC member in an ESS delivery, (2) provide that the credits and debits of the payment amount of an envelope may be reversed, and (3) eliminate clearing fund deposits allocated to ESS. In order to afford members a transitional period to prepare for these changes, NSCC is proposing to implement the changes on April 1, 2010.

The proposed rule change is consistent with Section 17A of the Act,<sup>6</sup> as amended, and the rules and regulations thereunder applicable to NSCC. The proposed rule change will protect NSCC’s net settlement process while continuing to provide a central delivery point for physical deliveries of envelopes with constrained payment processing. The changes will reduce NSCC’s exposure to potential losses from member defaults, insolvencies, mistakes, and fraud and will appropriately shift the risk outside NSCC to the contracting members in an ESS transaction. The interim period for implementation will permit members to

<sup>4</sup> The Commission has modified the text of the summaries prepared by NSCC.

<sup>5</sup> See Securities Exchange Act Release No. 61618 (March 1, 2010), 75 FR 10542 (March 8, 2010) (SR-NSCC-2010-01).

<sup>6</sup> 15 U.S.C. 78q-1.

adjust their processes and systems as necessary to accommodate the changes.

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

NSCC does not believe that the proposed rule change will have any impact or 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 were not and are not intended to be solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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

The foregoing proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(i) of the Act<sup>7</sup> and Rule 19b-4(f)(1)<sup>8</sup> thereunder because the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration or enforcement of an existing rule. At any time within sixty days of the filing of the proposed rule change, the Commission may summarily abrogate 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.

#### 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-NSCC-2010-04 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-NSCC-2010-04. This file

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

<sup>8</sup> 17 CFR 240.19b-4(f)(1).

<sup>29</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>3</sup> 17 CFR 240.19b-4(f)(1).

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 filings also will be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at [http://www.dtcc.com/downloads/legal/rule\\_filings/2010/nsc/2010-04.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2010/nsc/2010-04.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-NSCC-2010-04 and should be submitted on or before April 23, 2010.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-61796; File No. SR-Phlx-2010-20]

### Self-Regulatory Organizations; NASDAQ OMX PHLX, Inc.; Order Granting Approval of Proposed Rule Change To Expand the Number of Components in the PHLX Semiconductor Sector<sup>SM</sup> Known as SOX<sup>SM</sup>, on Which Options are Listed and Traded

March 29, 2010.

On February 2, 2010, NASDAQ OMX PHLX, Inc. ("Phlx" or "Exchange") filed

with the Securities and Exchange Commission ("Commission") a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder to expand the number of components in the PHLX Semiconductor Sector<sup>SM</sup> known as SOX<sup>SM</sup>, on which options are listed and traded.<sup>3</sup> The proposed rule change was published for comment in the **Federal Register** on February 25, 2010 for a 21-day comment period.<sup>4</sup> The Commission received no comment letters regarding the proposal. This order approves the proposed rule change.

SOX is a modified market capitalization-weighted index composed of twenty-one companies primarily involved in the design, distribution, manufacture, and sale of semiconductors, and is one of several narrow-based sector indexes on which options are listed and traded on the Exchange. Options on the SOX index are currently listed pursuant to "generic" initial listing and maintenance standards in Phlx Rule 1009A for narrow-based indexes.<sup>5</sup> The Exchange proposes to expand the number of components in the SOX index to thirty. The Exchange represents that the expanded SOX index would continue to meet all the index maintenance requirements in subsection (c) of Rule 1009A applicable to options on narrow-based indexes, except subsection (c)(2), which indicates that the total number of component securities in the index may not increase or decrease by more than 33 $\frac{1}{3}$ % from the total number of securities in the index at the time of its initial listing.

After careful consideration, 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>6</sup> and, in particular, the requirements of Section 6 of the Act.<sup>7</sup> Specifically, the Commission finds that the proposed

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

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

<sup>3</sup> PHLX Semiconductor Sector<sup>SM</sup> may also be known as PHLX Semiconductor Index or PHLX Semiconductor Sector<sup>SM</sup> Index.

<sup>4</sup> See Securities Exchange Act Release No. 61539 (February 18, 2010), 75 FR 8765 ("Notice").

<sup>5</sup> A narrow-based index or industry index is defined as: An index designed to be representative of a particular industry or a group of related industries. The term "narrow-based index" includes indices the constituents of which are all headquartered within a single country. See Phlx Rule 1000A(b)(12).

<sup>6</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>7</sup> 15 U.S.C. 78f.

rule change is consistent with Section 6(b)(5) of the Act,<sup>8</sup> which requires, among other things, that the rules of a national securities exchange be 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 facilitating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system.

### Listing and Trading of Options on the SOX Index

As set out more fully in the Notice, Phlx has represented that options on an expanded thirty-component SOX index would continue to meet all of the initial and maintenance generic index listing standards contained in Sections (b) and (c) of Phlx Rule 1009A except subsection (c)(2) of Phlx Rule 1009A. Subsection (c)(2) of Phlx Rule 1009A only permits a maximum increase of 33 $\frac{1}{3}$ % from the total number of securities in the index at the time of its initial listing, *i.e.*, an increase to 28 components, whereas Phlx proposes an increase to 30 components. Additionally, the Exchange has represented that no other changes are being made to the SOX index as it currently exists. Based on these representations, the Commission believes that the proposed expansion to the SOX index is appropriate and that Phlx should continue to be able to list and trade options on the SOX index.

### Surveillance

The Commission notes that the Exchange has represented that it has an adequate surveillance program in place for options traded on the proposed expanded SOX index and intends to apply those same program procedures that it applies to the Exchange's current SOX options and other index options. Additionally, the Exchange is a member of the Intermarket Surveillance Group ("ISG") under the Intermarket Surveillance Group Agreement, dated June 20, 1994.<sup>9</sup> In addition, the major futures exchanges are affiliated members of the ISG, which allows for the sharing of surveillance information for potential intermarket trading abuses. The Exchange also represented that it has the necessary systems capacity to continue to support listing and trading

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> A list of the current members and affiliate members of ISG can be found at <http://www.isgportal.com>.

<sup>9</sup> 17 CFR 200.30-3(a)(12).