

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 website 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-Phlx-2011-40 and should be submitted on or before April 26, 2011.

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

**Cathy H. Ahn,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-64152; File No. SR-CFE-2011-001]

### Self-Regulatory Organizations; CBOE Futures Exchange, LLC; Notice of a Proposed Rule Change To Amend Certain Rules Relating to Listing and Trading Security Futures

March 30, 2011.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on March 18, 2011, CBOE Futures Exchange, LLC ("CFE" or "Exchange") 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 CFE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. CFE also filed this proposed rule change concurrently with the Commodity Futures Trading Commission ("CFTC"). CFE filed a written certification with the CFTC under Section 5c(c) of the Commodity Exchange Act ("CEA")<sup>2</sup> on March 18, 2011.

#### I. Self-Regulatory Organization's Description of the Proposed Rule Change

The Exchange proposes to amend certain rules relating to the listing and trading of security futures on the Exchange. The changes are being proposed to conform certain CFE rules to current parallel rules of OneChicago, LLC ("OCX"). The text of the proposed rule change is available on the Exchange's Web site at <http://www.cfe.cboe.com>, on the Commission's Web site at <http://www.sec.gov>, at the principal office of the Exchange, 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, CFE 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. CFE 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 proposed rule is to amend certain rules governing the listing and trading of security futures on the Exchange. The changes are being made to conform certain CFE rules to current parallel rules of OCX.

###### Regulatory Halt Amendments

CFE is proposing to amend Rule 417 by adding provisions for regulatory halts. OCX made a similar rule change to make clear that a "regulatory halt" applies not only to the suspending of all trading in equity securities on 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.<sup>3</sup> CFE is also proposing to amend CFE Policy and Procedure III by adding a cross-reference to Rule 417 and setting forth the ability of the help desk to bust any trade in a Single Stock Future or in a

Narrow-Based Index Future that occurs after the time a regulatory halt is instituted and before trading has been resumed in the affected Single Stock Future or Narrow-Based Index Future.

###### Change Quoting Requirements for Market Makers

CFE is proposing to amend Rule 517 and CFE Policy and Procedure VII to change the quoting requirements for Market Makers. Presently, a market maker, when providing quotations, quotes with a maximum bid/ask spread of no more than the greater of \$0.20 (the "20 Cent Spread") of 150 percent of the bid/ask spread in the primary market for the security underlying the Security Future. The proposed rule change will raise the 20 Cent Spread to \$5. This change will be affected by amending subparagraph (n) to Rule 517 and subparagraph C to CFE Policy and Procedure VII. OCX made a similar rule change raising its 20 Cent Spread to \$5, which was nearly identical to one approved by the SEC for security options.<sup>4</sup>

###### Maintenance Standard Amendments

First, CFE is proposing to amend CFE Policy and Procedure VIII by eliminating the \$3 market price maintenance standard. This change will be affected by deleting subparagraph B.1.(v) to CFE Policy and Procedure VIII. OCX made a similar rule change eliminating the \$3 market price per share requirement, which was nearly identical to one approved by the SEC for security options.<sup>5</sup>

Second, CFE is proposing to eliminate the prohibition against opening trading in a Single Stock Future with a new delivery month unless the issuer of the underlying satisfies applicable Exchange Act reporting requirements, or corrects any failure within 30 days after the date the report was due to be filed. This change will be affected by deleting subparagraph B.2.(i) to CFE Policy and Procedure VIII. OCX made a similar rule change eliminating this maintenance requirement, which was nearly identical to one approved by the SEC for security options.<sup>6</sup>

<sup>4</sup> See Securities Exchange Act Release No. 60143 (June 19, 2009), 74 FR 30345 (June 25, 2009) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Widening the Bid/Ask Spread for Quoting Market-Makers) (SR-OC-2009-02).

<sup>5</sup> See Securities Exchange Act Release No. 59744 (April 9, 2009), 74 FR 17706 (April 16, 2009) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Eliminating the \$3 Market Price Maintenance Standard) (SR-OC-2009-01).

<sup>6</sup> See Securities Exchange Act Release No. 54454 (September 15, 2006), 71 FR 5539 (September 22, 2006) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Listing

<sup>7</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> See Securities Exchange Act Release No. 62582 (July 28, 2010), 75 FR 47039 (August 4, 2010) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by OneChicago, Amending Rule 419(a), Regulatory Halts) (SR-OC-2010-03).

## New Listing Standard Conforming With Joint Order

CFE is proposing to conform its listing standards to those approved by the SEC and the Commodity Futures Trading Commission in their Joint Order dated November 19, 2009.<sup>7</sup> To affect this change, CFE is proposing to add new paragraph E to CFE Policy and Procedure VIII that references the Joint Order and provides that, “the Exchange may list security futures on any security that is eligible to underlie options on a national securities exchange.” CFE notes that OCX made a similar change conforming its listing standards to those set forth in the Joint Order.<sup>8</sup>

### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)<sup>9</sup> of the Securities Exchange Act (the “Act”), in general, and furthers the objectives of Section 6(b)(5)<sup>10</sup> in particular in that it 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 facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The proposed rule change updates certain CFE listing and trading rules for security futures and conforms them to ones previously changed by OCX for security futures.

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

CFE 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

No written comments were solicited or received with respect to the proposed rule change.

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

The proposed rule change has become effective on March 22, 2011.

At any time 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.

### 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-CFE-2011-001 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-CFE-2011-001. 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-CFE-2011-001 and should be submitted on or before April 26, 2011.

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

Cathy H. Ahn,

Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-64157; File No. SR-Phlx-2011-15]

### Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Order Granting Approval of Proposed Rule Change To Expand the \$2.50 Strike Price Program

March 31, 2011.

#### I. Introduction

On February 2, 2011, NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), 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> a proposed rule change to expand the \$2.50 Strike Price Program. The proposed rule change was published for comment in the **Federal Register** on February 22, 2011.<sup>3</sup> The Commission received no comment letters on the proposal. This order approves the proposed rule change.

#### II. Description of the Proposal

Phlx has proposed to modify Exchange Rule 1012, Series of Options Open for Trading, to expand the range of option strike prices for which \$2.50 strike price intervals may be listed under the \$2.50 Strike Price Program

Standards of Security Futures Products) (SR-OC-2006-02).

<sup>7</sup> 74 FR 61380 (November 24, 2009).

<sup>8</sup> See Securities Exchange Act Release No. 61346 (January 13, 2010), 75 FR 3515 (January 21, 2010) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change, as Modified by Amendment No. 1, Changing Its Listing Standards in Conformance with the November 9, 2009 Joint Order Modifying the Listing Standards Requirements under Section 6(h) of the Securities Exchange Act of 1934 and the Criteria under Section 2(a)(1) of the Commodity Exchange Act) (SR-OC-2009-04).

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

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

<sup>11</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> Securities Exchange Act Release No. 63914 (February 15, 2011), 76 FR 9846 (“Notice”).