

## 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”).

(“Program”) from between \$50 and \$75 to between \$50 and \$100, provided the \$2.50 strike price intervals are no more than \$10 from the closing price of the underlying stock in the primary market. The Exchange also proposed to increase the number of option classes on individual stocks, from 46 to 60, that it may select for the Program.<sup>4</sup>

In support of its proposal, Phlx stated that \$2.50 strike intervals above \$75 would afford investors the ability to more closely tailor investment strategies to the precise movement of the underlying security. The Exchange also stated that the number of option classes in the Program has not expanded since 1998, although increasingly more companies have completed initial public offerings since 1998 and significantly more options classes are trading now as compared to 1998. The Exchange stated that the increase would allow it to accommodate investor requests for \$2.50 strikes in additional options classes.

Finally, Phlx stated that it analyzed its capacity, and represented that the Exchange and the Options Price Reporting Authority have the necessary systems capacity to handle the potential additional traffic that would result from expanding the Program.

### III. Discussion

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>5</sup> Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,<sup>6</sup> which requires, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, 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 Commission believes that the proposal strikes a reasonable balance between the Exchange’s desire to offer a wider array of investment opportunities and the need to avoid unnecessary

proliferation of options series and the corresponding increase in quotes and market fragmentation. The Commission expects the Exchange to monitor the trading volume associated with the additional options series listed as a result of this proposal and the effect of these additional series on market fragmentation and on the capacity of the Exchange’s, OPRA’s, and vendors’ automated systems.

In addition, the Commission notes that Phlx has represented that it believes the Exchange and the Options Price Reporting Authority have the necessary systems capacity to handle the additional traffic associated with the newly permitted listings.

### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (SR-Phlx-2011-15) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

**Cathy H. Ahn,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-64153; File No. SR-CFE-2011-002]

### Self-Regulatory Organizations; CBOE Futures Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Listing and Trading CBOE Gold ETF Volatility Index 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 its rules to permit the Exchange to list and trade the Gold ETF Volatility Index (“GVZ”) security futures contract. 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 change is to permit the Exchange to list and trade security futures on the CBOE Gold ETF Volatility Index (“GVZ” or “GVZ Index”). Chicago Board Options Exchange, Incorporated (“CBOE”) received approval from the SEC to list and trade GVZ options.<sup>3</sup> Consistent with the Joint Order issued by the SEC and the CFTC dated November 19, 2009 (Securities Exchange Act Release No. 61027) (“Joint Order”),<sup>4</sup> the GVZ Index may underlie a security futures contract since the GVZ Index is eligible to underlie options traded on a national securities exchange.

#### Index Design and Calculation

The calculation of GVZ is based on the VIX methodology applied to options on the SPDR Gold Trust (“GLD”). The

<sup>4</sup> In addition, the \$2.50 Strike Price Program also permits the Exchange to list any option class with \$2.50 strike intervals that is included in the \$2.50 Strike Price Program of another exchange. See Phlx Rule 1012, Commentary .05(b).

<sup>5</sup> In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).

<sup>15</sup> 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. 62139 (May 19, 2010) 75 FR 29597 (May 26, 2010) (order approving proposal to list and trade GVZ options on CBOE).

<sup>4</sup> 74 FR 61380 (November 24, 2009). See also CFE Policy and Procedure VIII E. (Eligibility for Listing Security Futures on Securities Approved for Options Trading).