

achieve compliance with the terms and conditions of the order. In particular, such certification will address procedures designed to achieve the following objectives:

(a) That the Interfund Loan Rate will be higher than the Repo Rate and, if applicable, the yield of the money market funds, but lower than the Bank Loan Rate;

(b) Compliance with the collateral requirements as set forth in the application;

(c) Compliance with the percentage limitations on interfund borrowing and lending;

(d) Allocation of interfund borrowing and lending demand in an equitable manner and in accordance with procedures established by the Trustees; and

(e) That the Interfund Loan Rate does not exceed the interest rate on any third party borrowings of a borrowing Fund at the time of the Interfund Loan.

Additionally, each Fund's independent public accountants, in connection with their audit examination of the Fund, will review the operation of the proposed credit facility for compliance with the conditions of the application and their review will form the basis, in part, of the auditor's report on internal accounting controls in Form N-SAR.

18. No Fund will participate in the proposed credit facility upon receipt of requisite regulatory approval unless it has fully disclosed in its prospectus and/or statement of additional information all material facts about its intended participation.

For the Commission, by the Division of Investment Management, under delegated authority.

Florence E. Harmon,

Deputy Secretary.

[FR Doc. 2010-18675 Filed 7-28-10; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

Release No. 34-62553; File No. SR-BX-2010-050]

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Expand the \$1 Strike Program on the Boston Options Exchange Facility

July 22, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

(“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that, on July 19, 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 Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

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

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 expand the Exchange's \$1 Strike Price Program (the “\$1 Strike Program” or “Program”) to allow the Exchange to select 150 individual stocks on which options may be listed at \$1 strike price intervals. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission's Public Reference Room, on the Commission's Web site at <http://www.sec.gov>, 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 proposed rule change is to expand the \$1 Strike

Program (the “Program”).⁵ The \$1 Strike Program currently allows BOX to select a total of 55 individual stocks on which option series may be listed at \$1 strike price intervals. In order to be eligible for selection into the Program, the underlying stock must close below \$50 in its primary market on the previous trading day. If selected for the Program, BOX may list strike prices at \$1 intervals from \$1 to \$50, but no \$1 strike price may be listed that is greater than \$5 from the underlying stock's closing price in its primary market on the previous day. BOX may also list \$1 strikes on any other option class designated by another securities exchange that employs a similar Program under their respective rules. BOX may not list long-term option series (“LEAPS”)⁶ at \$1 strike price intervals for any class selected for the Program, except as provided in Supplementary Material .02(c) to Chapter IV, Section 6 of the BOX Rules.⁷ BOX is also restricted from listing series with \$1 intervals within \$0.50 of an existing strike price in the same series, except that strike prices of \$2, \$3, and \$4 shall be permitted within \$0.50 of an existing strike price for classes also selected to participate in the \$0.50 Strike Program.⁸

⁵ The Commission approved the \$1 Strike Price Program as a pilot in February 2004. See Securities Exchange Act Release No. 49292 (Feb. 20, 2004), 69 FR 8993 (Feb. 26, 2004) (SR-BSE-2004-01). The Program was subsequently extended. See Securities Exchange Act Release No. 49806 (June 4, 2004), 69 FR 32640 (June 10, 2004) (SR-BSE-2004-22) (extending the Program until June 5, 2005); Securities Exchange Act Release No. 51778 (June 2, 2005), 70 FR 33562 (June 8, 2005) (SR-BSE-2005-18) (extending the Program until June 5, 2006); Securities Exchange Act Release No. 53855 (May 24, 2006), 71 FR 30973 (May 31, 2006) (SR-BSE-2006-19) (extending the Program until June 5, 2007); Securities Exchange Act Release No. 55684 (Apr. 30, 2007), 72 FR 26188 (May 8, 2007) (SR-BSE-2007-17) (extending the Program until June 5, 2008). The Program was subsequently expanded and permanently approved in 2008. See Securities Exchange Act Release No. 57302 (Feb. 11, 2008), 73 FR 8913 (Feb. 15, 2008) (SR-BSE-2008-08). The Pilot Program was last expanded in 2009. See Securities Exchange Act Release No. 59589 (Mar. 17, 2009), 73 FR 8913 (Mar. 24, 2009) (SR-BSE-2009-16).

⁶ LEAPS are long-term options that have from twelve to thirty-nine months from the time they are listed until expiration. See Chapter IV, Section 8(a) Long-Term Equity Option Series (LEAPS®).

⁷ Supplementary Material .02(c) to Chapter IV, Section 6 of the BOX Rules states that the Exchange may list \$1 strike prices up to \$5 in LEAPS up to 200 option classes in individual stocks. See Securities Exchange Act Release No. 61041 (Nov. 20, 2009) 75 FR 62623 (Nov. 30, 2009) (SR-BSE-2009-073).

⁸ Regarding the \$0.50 Strike Program, which allows \$0.50 strike price intervals for options on stocks trading at or below \$3.00, see Supplementary Material .02 to Chapter IV, Section 6(a) and Securities Exchange Act Release No. 60814 (Oct. 13, 2009), 74 FR 53535 (Oct. 19, 2009) (SR-BSE-2009-063). See also Securities Exchange Act Release No.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

The Exchange now proposes to expand the Program to allow BOX to select a total of 150 individual stocks on which option series may be listed at \$1 strike price intervals. The existing restrictions on listing \$1 strikes would continue, *i.e.*, no \$1 strike price may be listed that is greater than \$5 from the underlying stock's closing price in its primary market on the previous day, and BOX is restricted from listing any series that would result in strike prices being \$0.50 apart (unless an option class is selected to participate in both the \$1 Strike Program and the \$0.50 Strike Program).

As stated in the filings establishing BOX's Program and in subsequent extensions and expansions of the Program,⁹ BOX believes that \$1 strike price intervals provide investors with greater flexibility in the trading of equity options that overlie lower price stocks by allowing investors to establish equity options positions that are better tailored to meet their investment objectives.

BOX believes that market conditions have led to an increase in the number of securities trading below \$50 warranting the proposed expansion of the \$1 Strike Program.¹⁰ In addition, BOX notes that this filing is based on rules of other options exchanges, such as, NASDAQ OMX PHLX, Inc. ("PHLX"), Chicago Board Options Exchange ("CBOE"), International Securities Exchange, LLC ("ISE"), NYSE Arca, Inc. ("NYSE Arca"), NYSE Amex LLC ("NYSE Amex"), and NASDAQ Options Market ("NOM").¹¹ With regard to previous expansions of the Program, the Commission has approved proposals from the options exchanges that employ a \$1 Strike Program in lockstep.

The Exchange notes that, in addition to options classes that are trading pursuant to the \$1 strike programs of options exchanges, there are also

options trading at \$1 strike intervals on BOX on over 95 exchange-traded fund shares ("ETFs") and exchange-traded notes (ETNs),¹² ETF and ETN options trading at \$1 intervals have not, however, negatively impacted the system capacity of BOX or OPRA.

With regard to the impact of this proposal on system capacity, BOX has analyzed its capacity and the Exchange represents that it and OPRA have the necessary systems capacity to handle the potential additional traffic associated with the listing and trading of an expanded number of series in the \$1 Strike Program.

BOX believes that the \$1 Strike Program has provided investors with greater trading opportunities and flexibility and the ability to more closely tailor their investment and risk management strategies and decisions to the movement of the underlying security. Furthermore, BOX has not detected any material proliferation of illiquid options series resulting from the narrower strike price intervals. For these reasons, BOX requests an expansion of the current Program and the opportunity to provide investors with additional strikes for investment, trading, and risk management purposes.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,¹³ in general, and Section 6(b)(5) of the Act,¹⁴ 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 a national market system and, in general, to protect investors and the public interest. In particular, the Exchange believes that expanding the current \$1 Strike Program will result in a continuing benefit to investors by giving them more flexibility to closely tailor their investment decisions in a greater number of securities.

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.

¹² See Supplementary Material .01 to Chapter IV, Section 6 of the BOX Rules (allowing \$1 strike price intervals for ETF and ETN options where the strike price is \$200 or less).

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

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 Act¹⁵ and Rule 19b-4(f)(6) thereunder.¹⁶

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 that of another exchange that has been approved by the Commission.¹⁷ Therefore, the Commission designates the proposal operative upon filing.¹⁸

At any time within 60 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.

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's 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 Commission has waived the five-day pre-filing requirement in this case.

¹⁷ See Securities Exchange Act Release No. 62420 (June 30, 2010), 75 FR 39593 (July 9, 2010) (SR-Phlx-2010-72) (order approving expansion of \$1 strike program to 150 classes).

¹⁸ 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).

61811 (Mar. 31, 2010), 75 FR 17802 (April 7, 2010) (SR-BSE-2010-025) (permitting concurrent listing of \$3.50 and \$4 strikes for classes in the \$0.50 Strike and \$1 Strike Programs).

⁹ See *supra* note 5.

¹⁰ See, e.g., Securities Exchange Act Release No. 59589 (Mar. 17, 2009), 73 FR 8913 (Mar. 24, 2009) (SR-BSE-2009-16) (referencing the more than five-fold increase in the number of individual stocks on which options may be listed at \$1 intervals).

¹¹ See Securities Exchange Act Release No. 62420 (June 30, 2010), 75 FR 39593 (July 9, 2010) (SR-Phlx-2010-72); Securities Exchange Act Release No. 62443 (July 2, 2010), 75 FR 39608 (July 9, 2010) (SR-CBOE-2010-64); Securities Exchange Act Release No. 62442 (July 2, 2010), 75 FR 39597 (July 9, 2010) (SR-ISE-2010-64); Securities Exchange Act Release No. 62450 (July 2, 2010), 75 FR 39712 (July 12, 2010) (SR-NYSEArca-2010-66); Securities Exchange Act Release No. 62449 (July 2, 2010) (SR-NYSEAmex-2010-67); Securities Exchange Act Release No. 62451 (July 6, 2010) (SR-NASDAQ-2010-83).

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. Please include File Number SR-BX-2010-050 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-2010-050. 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-2010-050 and should be submitted on or before August 19, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Florence E. Harmon,
Deputy Secretary.

[FR Doc. 2010-18572 Filed 7-28-10; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-62567; File No. SR-NSCC-2010-07]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change To Amend Addendum C of Its Rules and Procedures To Implement Risk Enhancements to Its Stock Borrow Program

July 23, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 1, 2010, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-NSCC-2010-07 as described in Items I, II, and III below, which Items have been substantially prepared by NSCC. 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

The purpose of the proposed rule change is to amend Addendum C of NSCC's Rules and Procedures ("Rules") to implement risk enhancements so that municipal and corporate bonds would be ineligible for lending through the Stock Borrow Program ("SBP") and so that Members would be prevented from lending securities through the SBP that were issued by that Member or any of its affiliates.

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 such statements.³

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Commission has modified parts of these statements.

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

National Securities Clearing Corporation ("NSCC") proposes amending its Rules to implement risk enhancements so that municipal and corporate bonds would be ineligible for lending through the SBP and so that Members would be prevented from lending securities through the SBP that were issued by that Member or any of its affiliates.

1. Stock Borrow Program Background

In the course of daily operations, NSCC's Continuous Net Settlement ("CNS") system often requires a number of shares for a particular security that exceeds the number of shares available to NSCC through Member deliveries. This can arise for several reasons including satisfaction of Member priority requests for allocation as well as buy-ins submitted by Members. To improve the efficiency of the clearing system in these situations, NSCC's Board authorized implementation of automated stock borrow procedures to meet these needs for shares of a particular CNS security.

Members wishing to participate in the SBP notify NSCC each day⁴ of the securities they have on deposit at The Depository Trust Company ("DTC") that are available to be borrowed by NSCC. The daytime and nighttime SBP are separate processes. Members can choose to participate only in the nighttime SBP, only in the daytime SBP, or in both.

After NSCC's nighttime processing of regular deliveries, unsatisfied needs that remain in a particular security are borrowed from Members that identified available securities for the nighttime SBP.⁵ Similarly, needs in a particular security remaining unsatisfied at a time designated during the day cycle are borrowed from Members that have delivered instructions specifying available securities for the daytime SBP. Shares borrowed are placed in a special CNS subaccount, and the Member lending the shares is advanced the full market value of the borrowed shares until they are returned. As shares become available, borrowed stock is returned through normal long allocations against the special subaccount.

⁴ By such times specified by NSCC.

⁵ Securities subject to a voluntary reorganization are not borrowed by NSCC after nighttime processing on E+2 through the end of the protected period.

¹⁹ 17 CFR 200.30-3(a)(12).