

that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that the pilot program promotes just and equitable principles of trade in that it promotes transparency and uniformity across markets concerning decisions to pause trading in a security when there are significant price movements.

*(B) Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange does not believe that the proposed rule change imposes any burden on competition.

*(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 written 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: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and Rule 19b-4(f)(6) thereunder.<sup>10</sup>

A proposed rule change filed under Rule 19b-4(f)(6) normally may not become operative prior to 30 days after the date of filing.<sup>11</sup> However, Rule 19b-4(f)(6)<sup>12</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay.

The Commission has considered the Exchange's request to waive the 30-day operative delay. The Commission believes that waiving the 30-day

operative delay is consistent with the protection of investors and the public interest, as it will allow the pilot program to continue uninterrupted, thereby avoiding the investor confusion that could result from a temporary interruption in the pilot program.<sup>13</sup> For this reason, the Commission designates the proposed rule change to be operative upon filing.

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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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-BATS-2011-011 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-BATS-2011-011. 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

<sup>13</sup> For the purposes only of waiving the operative delay of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 filing also will be available for inspection and copying at the principal offices 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-BATS-2011-011, and should be submitted on or before May 3, 2011

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

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

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-64196; File No. SR-NSCC-2010-15]

**Self-Regulatory Organizations; National Securities Clearing Corporation; Order Approving Proposed Rule Change Relating to Establishing an Automated Service for the Processing of Transfers, Replacements, and Exchanges of Insurance and Retirement Products**

April 6, 2011.

**I. Introduction**

On November 18, 2010, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act").<sup>1</sup> The proposed rule change allows NSCC to add a new automated service to process transfers, replacements, and exchanges of insurance and retirement products through NSCC's Insurance and Retirement Processing Service ("IPS"). The proposed rule change was published for comment in the **Federal**

<sup>14</sup> 17 CFR 200.30-3(a)(12).

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

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6). When filing a proposed rule change pursuant to Rule 19b-4(f)(6) under the Act, an exchange is required to give 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 Commission notes that the Exchange has satisfied this requirement.

<sup>11</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>12</sup> *Id.*

**Register** on November 30, 2010.<sup>2</sup> No comment letters were received. This order approves the proposed rule change.

## II. Description of the Proposal

The proposed rule change will enable NSCC to offer a new automated service for the transfer, replacement, or exchange (collectively referred to as a "Replacement") of an existing insurance contract that is eligible for NSCC's IPS. Specifically, NSCC will add new Section 11 to Rule 57 (Insurance and Retirement Processing Services) that will centralize and automate Replacement processing and will decrease the administrative burden on and risk to NSCC Members, Insurance Carrier/Retirement Service Members, Mutual Fund/Insurance Services Members, and Data Services Only Members. Prior to this rule change, the Replacement process was not conducted through a centralized or automated process and requires extensive manual processing of paper forms and other documents. The insurance industry utilized Transfer of Assets forms, 1035 Exchange Forms, or other similar paperwork (collectively referred to as "TOA") to document the request and the authorization for a Replacement.

Under the new service, an Insurance Carrier/Retirement Services Member will be able to initiate a Replacement ("Receiving Carrier") by submitting an instruction to NSCC to process a Replacement ("Request for Replacement"). NSCC will then transmit the Request for Replacement to the designated Insurance Carrier/Retirement Services Member ("Delivering Carrier"). The Delivery Member will have to confirm, reject, or request modification to the Request for Replacement in the format and by such time as established by NSCC. NSCC will delete from the IPS Requests for Replacement that are not confirmed or rejected. The IPS will also incorporate and will automate the settlement of confirmed Replacements into NSCC's existing IPS settlement process.

Also under the new Section 11, the Delivering Carrier will waive the obligation of the Receiving Carrier to submit a signed physical copy of the TOA unless specifically required by state or local law. The transfer of any physical documents related to Replacements that are required under state law would continue to be transferred outside of NSCC. It will be the sole obligation of the Insurance Carrier/Retirement Services Members

involved in the Replacement to confirm that all legal requirements, including any requirement to obtain a signed physical copy of the TOA imposed by applicable State or local law, are satisfied prior to confirming a Request for Replacement. The Replacement service will permit the transfer of documentation as an attachment to the Request for Replacement but this will not be a requirement to utilize the Replacement service. The waiver of the obligation to submit signed physical documents is intended to improve the orderly processing of Replacements.

Finally, NSCC will update the Fee Schedule to incorporate the fees associated with processing a Request for Replacement. The fee associated with a Request for Replacement, including submitting incremental replacement status messages and money settlement, will be \$5.00 per Request for Replacement. The cost will be divided between the carriers associated with the transaction with the Receiving Carrier responsible for \$3.75 per transaction, which is three-fourths of the cost of the Replacement service, and the Delivering Carrier responsible for the remaining \$1.25, which is one-fourth of the cost. The fee associated with obtaining the status of a pending Request for Replacement, including incremental statuses, will be \$1.00 per pending status request. The cost will be divided evenly between the Receiving Carrier and the Distributor, each of which will be responsible for paying a fee of \$0.50.

Members will be advised of the specific implementation date through the issuance of an NSCC Important Notice.

## III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules thereunder applicable to NSCC. In particular, the Commission finds that the proposal is consistent with Section 17A(b)(3)(F) of the Act,<sup>3</sup> which requires, among other things, that the rules of a registered clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions. NSCC's new Replacement service is designed to process Replacements in a more timely and efficient manner by reducing manual errors, lowering costs, and providing a uniform platform for Replacements processing. In addition, the new service should increase the speed of processing Replacements through the use of automation, which should also decrease NSCC's operational risk posed by

processing paper documentation. Accordingly, NSCC's proposal should promote the prompt and accurate clearance and settlement of securities transactions.

## IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act<sup>4</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> that the proposed rule change (File No. SR-NSCC-2010-15) be and hereby is approved.<sup>6</sup>

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. 34-64198; File No. SR-BX-2011-020]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NASDAQ OMX BX, Inc. To Amend the Fee Schedule of the Boston Options Exchange Facility

April 6, 2011.

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> notice is hereby given that on March 31, 2011, NASDAQ OMX BX, Inc. (the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II, below, which Items have been prepared by the self-regulatory organization. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to

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

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

<sup>3</sup> In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>4</sup> 17 CFR 200.30-3(a)(12).

<sup>5</sup> 15 U.S.C. 78s(b)(1).

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

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

<sup>8</sup> 17 CFR 240.19b-4(f)(2).

<sup>2</sup> Securities Exchange Act Release No. 63368 (Nov. 23, 2010), 75 FR 74117.

<sup>3</sup> 15 U.S.C. 78q-1(b)(3)(F).