

## 2. Statutory Basis

PHLX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>3</sup> in general, and with Section 6(b)(5) of the Act,<sup>4</sup> in particular, in that the proposal 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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 Exchange believes that the order will enhance PSX's market quality by providing a means for market participants to signal commitment to trade at the stated price of the order for a defined period of time. The Exchange believes that the use of such orders will benefit other market participants by increasing the certainty of execution, and benefit the Exchange and all of its participants by attracting additional order flow and increasing order interaction.

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

PHLX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. Rather, the change will promote greater competition by enhancing the functionality offered by PSX. Use of the order type is entirely voluntary.

### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*

Written comments were neither solicited nor received.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) As the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove the proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

The Exchange stated that it will submit an amendment to the proposed rule change upon its approval by the Board of Directors of PHLX.<sup>5</sup> The Exchange consented to an extension of the period of time specified in Section 19(b)(2) of the Act<sup>6</sup> until forty-five days after the Exchange files an amendment to this filing reflecting approval of the provisions of the proposed rule change by the Board of Directors of PHLX.<sup>7</sup>

## 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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-Phlx-2011-141 on the subject line.

### *Paper Comments*

• Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-Phlx-2011-141. This file number should be included on the subject line if email 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 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-2011-141 and should be submitted on or before November 18, 2011.

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

**Kevin M. O'Neill,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-65603; File No. SR-BX-2011-071]

### **Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing of Proposed Rule Change With Respect to an Amendment to the By-Laws of The NASDAQ OMX Group, Inc.**

October 21, 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 October 11, 2011, NASDAQ OMX BX, Inc. ("BX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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**

BX is filing this proposed rule change with respect to an amendment to the by-laws of its parent corporation, The NASDAQ OMX Group, Inc. ("NASDAQ OMX"). The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqomxbx.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room. The proposed amendments will

<sup>5</sup> See Item 2 of the Form 19b-4 filed by the Exchange on October 12, 2011.

<sup>6</sup> 15 U.S.C. 78s(b)(2).

<sup>7</sup> See Item 6 of the Form 19b-4 filed by the Exchange on October 12, 2011.

<sup>8</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> 15 U.S.C. 78f.

<sup>4</sup> 15 U.S.C. 78f(b)(5).

be implemented upon approval by the Commission.

## **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 Exchange included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange 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**

NASDAQ OMX is proposing amendments to provisions of its by-laws pertaining to the composition of committees of the NASDAQ OMX Board of Directors. First, NASDAQ OMX is amending the compositional requirements of its Audit Committee in Section 4.13(g) to provide that the committee shall include three or more directors. Currently, the provision provides that the Audit Committee shall be composed of either four or five directors. The change will provide the NASDAQ OMX Board of Directors, which has authority to establish the size of each committee of the Board of Directors, with flexibility to increase or decrease the size of the committee, as long as the committee includes at least three directors. The listing standards of the NASDAQ Stock Market, which apply to NASDAQ OMX as a listed company, require that NASDAQ OMX's Audit Committee must have at least three members.<sup>3</sup> The amendment would not change any of the other compositional requirements of the Audit Committee, including independence requirements.

Similarly, NASDAQ OMX is proposing to amend the compositional requirements of the Nominating & Governance Committee in Section 4.13(h) to replace a requirement that the committee comprise four or five members with a requirement to include two or more members, thereby creating flexibility to populate a larger or a smaller committee than is currently the case. NASDAQ Stock Market listing standards do not regulate the size of a listed company's nominating committee. The amendment would not

change any of the other compositional requirements of the Nominating & Governance Committee, including independence requirements.

BX expects that the NASDAQ OMX Board of Directors will, in the immediate future, use the modified authority to increase the size of the Nominating & Governance Committee to six directors, but will not modify the size of the Audit Committee at this time. It is likely that the authority would be used to reduce the size of these committees below their current levels only in the event of a reduction in the overall size of the NASDAQ OMX Board of Directors (which currently has 16 members). The Audit Committee supervises the audit function with respect to NASDAQ OMX and all of its subsidiaries, including BX, but the Nominating & Governance Committee does not perform a nominating function with respect to NASDAQ OMX's subsidiaries.

Third, NASDAQ OMX proposes to delete a paragraph of the by-laws (Section 4.13(k)) that pertains to the qualifications of committee members who are not directors. This provision was originally adopted by NASDAQ OMX's predecessor corporation, The Nasdaq Stock Market, Inc., when it was a subsidiary and facility of the National Association of Securities Dealers, Inc. ("NASD"). In that capacity, The Nasdaq Stock Market, Inc. appointed committees that included non-directors and that exercised authority provided for under NASD rules. For example, at that time, the Board of Directors of The Nasdaq Stock Market, Inc. appointed the Nasdaq Listing and Hearing Review Council, a committee composed of non-directors with authority to review listing decisions with respect to companies with securities listed on The Nasdaq Stock Market, which was then a facility of NASD.

In 2005, The NASDAQ Stock Market LLC ("NASDAQ") was formed as a subsidiary [sic] The Nasdaq Stock Market, Inc., and in 2006, NASDAQ was registered as a national securities exchange. The Nasdaq Stock Market, Inc., which had already issued stock to the public, became a holding company, and in 2007, it ceased operating as a facility of NASD or NASDAQ. Subsequently, following the acquisition of OMX AB, The Nasdaq Stock Market, Inc. became NASDAQ OMX. As a public holding company, NASDAQ OMX no longer appoints committees that include non-directors. Accordingly, the provision with respect to the qualifications of non-directors is obsolete and may appropriately be deleted.

Finally, NASDAQ OMX is correcting a typographical error in the numbering of the provisions of Section 4.13(h) of the by-laws.

#### **2. Statutory Basis**

BX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>4</sup> in general, and with Sections 6(b)(1) and (b)(5) of the Act,<sup>5</sup> in particular, in that the proposal enables BX to be so organized and to have the capacity to be able to carry out the purposes of the Act and to comply with and enforce compliance by members and persons associated with members with provisions of the Act, the rules and regulations thereunder, and BX rules, and 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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.

BX believes that the proposed amendments are non-controversial. The proposal to modify the compositional requirements of the NASDAQ OMX Audit Committee and Nominating & Governance Committee will provide the NASDAQ OMX Board of Directors with greater flexibility to determine the appropriate size for these committees, while maintaining compliance with applicable listing standards. BX expects that the NASDAQ OMX Board of Directors will, in the immediate future, use the modified authority to increase the size of the Nominating & Governance Committee to six directors, but will not modify the size of the Audit Committee at this time. The proposed changes also delete an obsolete provision from the by-laws and correct a typographical error.

### *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.

<sup>4</sup> 15 U.S.C. 78f.

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

<sup>3</sup> NASDAQ IM-4605-3. [sic]

*C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

No written comments were either solicited or received.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) As the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission shall: (a) By order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be 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 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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BX-2011-071 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-2011-071. This file number should be included on the subject line if email 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 filing also will be available for inspection and copying at the principal office of BX. 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 publicly available. All submissions should refer to File Number SR-BX-2011-071 and should be submitted on or before November 18, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-65605; File No. SR-PHLX-2011-140]**

**Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing of Proposed Rule Change To Amend the By-Laws of The NASDAQ OMX Group, Inc.**

October 21, 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 October 11, 2011, NASDAQ OMX PHLX LLC ("PHLX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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**

PHLX is filing this proposed rule change with respect to an amendment to the by-laws of its parent corporation, The NASDAQ OMX Group, Inc. ("NASDAQ OMX"). The text of the proposed rule change is available on the

Exchange's Web site at <http://nasdaqomxphlx.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room. The proposed amendments will be implemented upon approval by the Commission.

**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 Exchange included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange 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**

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<sup>6</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> NASDAQ IM-4605-3. [sic]