

By the Commission.

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-61647; File No. SR-MSRB-2010-01]

### Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Consisting of Revised Interpretive Questions & Answers on the Application of Rule G-37

March 4, 2010.

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 February 25, 2010, the Municipal Securities Rulemaking Board ("MSRB"), filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the MSRB. The MSRB has designated the proposed rule change as constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the self-regulatory organization pursuant to Section 19(b)(3)(A)(i) of the Act,<sup>3</sup> and Rule 19b-4(f)(1) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. 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 MSRB has filed with the Commission a proposed rule change consisting of revisions to certain of the existing Rule G-37 interpretive Questions & Answers ("Qs&As") to reflect the new rule language as contained in recently adopted amendments to Rule G-37<sup>5</sup>, concerning disclosure of certain contributions to bond ballot campaigns. The MSRB requested that the proposed rule change

become effective immediately upon its filing with the SEC.

The text of the proposed rule change is available on the MSRB's Web site (<http://www.msrb.org/msrb1/sec.asp>), at the MSRB's principal office, 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, the MSRB 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 MSRB 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

Since the adoption of Rule G-37, on political contributions and prohibitions on municipal securities business, the MSRB has received numerous inquiries concerning the application of the rule. In order to assist the municipal securities industry in understanding and complying with the provisions of the rule, the MSRB has published a series of interpretive notices that set forth, in Q & A format, general guidance on Rule G-37.

On February 1, 2010, amendments to Rule G-37 became effective concerning disclosure of certain contributions to bond ballot campaigns. The proposed rule change revises certain of the Rule G-37 Qs&As to reflect the new rule language as contained in the amendments.

###### 2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Act,<sup>6</sup> which provides that the MSRB's rules shall:

Be 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 municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

The MSRB believes that the proposed rule change is consistent with the Act in that it provides guidance to brokers, dealers, and municipal securities dealers in complying with existing MSRB rules.

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

The MSRB does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, since it would apply equally to all dealers.

##### 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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(i) of the Act<sup>7</sup> and Rule 19b-4(f)(1) thereunder,<sup>8</sup> in that the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the MSRB. 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.<sup>9</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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MSRB-2010-01 on the subject line.

##### Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary,

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

<sup>8</sup> 17 CFR 240.19b-4(f)(1).

<sup>9</sup> See Section 19(b)(3)(C) of the Act, 15 U.S.C. 78s(b)(3)(C).

<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. 78s(b)(3)(A)(i).

<sup>4</sup> 17 CFR 240.19b-4(f)(1).

<sup>5</sup> Securities Exchange Act Release No. 61381, File No. SR-MSRB-2009-18 (January 20, 2010).

<sup>6</sup> 15 U.S.C. 78o-4(b)(2)(C).

Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-MSRB-2010-01. 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 such filing also will be available for inspection and copying at the principal office of the MSRB. 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-MSRB-2010-01 and should be submitted on or before April 1, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Florence E. Harmon,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-61646; File No. SR-NYSE-2010-03]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Order Approving Proposed Rule Change Amending the Rule Governing the Issuance of Trading Licenses

March 4, 2010.

#### I. Introduction

On January 13, 2010, New York Stock Exchange LLC ("NYSE" or the

"Exchange") filed with the Securities and Exchange Commission (the "Commission"), pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> a proposal to amend its Rule 300 (Trading Licenses) and Rule 309 (Failure to Pay Exchange Fees). The proposed rule change was published for comment in the **Federal Register** on February 2, 2010.<sup>4</sup> The Commission received no comments regarding the proposal. This order approves the proposed rule change.

#### II. Description of the Proposal

NYSE Rule 300 provides that member organizations may buy trading licenses in the annual offering and may buy licenses at any other time in the year, provided that the maximum number of 1,366 licenses has not been issued and subject to limitations on the number of licenses a single member organization may hold. Member organizations must pay for their trading licenses in 12 monthly installments, with the first installment due prior to the commencement of the applicable year. The Exchange represents that it relies in part on the revenues from trading license fees to pay for the maintenance of the trading floor and to fund its trading floor regulatory activities. According to the Exchange, if some member organizations consistently fail to pay their trading license fee bills, the Exchange would be forced to impose higher fees on those member organizations which do pay their bills.

The Exchange therefore proposes to amend Rule 300 to provide that a member organization shall be ineligible to purchase a trading license, either in the annual offering or subsequently, if, at the time of such proposed purchase, such member organization remains three months in arrears in paying monthly installments of the trading license fee payable in respect of any previously purchased trading license.<sup>5</sup> Any trading license purchased by a member organization in the annual auction for the calendar year commencing January 1, 2010, will be subject to automatic revocation at the close of business on March 31, 2010, if the member organization that holds such license remains three months in

arrears in making such payments at that time.

The Exchange also proposes to adopt appeal procedures for the denial or revocation of a member organization's trading license. One calendar month prior to the effective date of any potential denial of renewal or revocation of a trading license (the "Expiration Date") pursuant to Rule 300(h), the Exchange would notify each applicable member organization that is currently two months or more in arrears in paying monthly installments of the trading license fee payable in respect of any previously purchased trading license of the amount of then overdue trading license installment payments and the possibility of denial of renewal or revocation of the trading license on the Expiration Date. The notice must include a description of the appeal process. If the member organization believes the Exchange's records are incorrect, the member organization must submit a written appeal within five business days of receipt of the Exchange's notice to the officer of the Exchange identified for that purpose in such notice, providing an explanation as to why it believes the Exchange's records are incorrect, and providing copies of any relevant documentation. The Exchange would be required to provide a final determination in writing in response to any such appeal no later than 15 calendar days prior to the effective date of the potential denial of renewal or revocation of the applicable trading license.<sup>6</sup> If the Exchange denies the appeal, its written final determination must specifically address the arguments made by the member organization in its submission. The Exchange's written determination would be final and conclusive action by the Exchange.

A written record would be required to be kept of any proceedings under Rule 300(h). As the appeal procedures under proposed Rule 300(h) would not include any provision for an oral hearing, the Exchange expects that the written record would generally consist of (i) the written appeal and supporting documents (if any) submitted by the member organization and (ii) the Exchange's written determination. Finally, the Exchange states that any member organization which forfeits its trading licenses as of March 31, 2010 would only owe the pro rata license fee for 2010 through that date. Any member organization which forfeits its trading

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> See Securities Exchange Act Release No. 61424 (January 26, 2010), 75 FR 5367.

<sup>5</sup> The Exchange also proposes to amend Rule 309 to explicitly provide that failure to pay trading license fee installments will be governed by proposed Rule 300(h).

<sup>6</sup> The Exchange represents that, if it denies a member organization's appeal under Rule 300(h), the Exchange will notify the Commission in the manner required by Exchange Act Rule 19d-1.

<sup>10</sup> 17 CFR 200.30-3(a)(12).