

May 24, 2011

Ms. Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

**Re: SEC Release No. 34-64348 – File No. SR-Phlx-2011-58**

Dear Ms. Murphy:

NYSE Euronext, on behalf of its subsidiary options exchanges, NYSE Arca Inc. and NYSE Amex LLC, appreciates the opportunity to comment on the Nasdaq OMX PHLX LLC (“PHLX”) proposal (“Proposal”) to increase the existing position limits for options on Standards and Poor’s Depository Receipts (“SPDRs®”) from 300,000 to 900,000 contracts on the same side of the market.<sup>1</sup> As described below, NYSE Euronext supports this Proposal.

### **Discussion**

In the filing, PHLX observes that the “while [the] position limit on options on QQQs<sup>SM</sup>, which as noted are similar to options on SPDRs®, has been gradually expanded from 75,000 contracts to the current level of 900,000 contracts in 2005, there have been no adverse affects on the market as a result of this position limit increase.”<sup>2</sup> PHLX also observes that “[I]ikewise, there have been no adverse affects on the market from expanding the position limit for options on SPDRs® from 75,000 contracts to the current level of 300,000 contracts in 2005.”<sup>3</sup> NYSE Euronext agrees with these statements, and notes that it has been our experience as well that these increases in position limits have not adversely affected the market.

Like PHLX, NYSE Euronext has heard from various market participants that the existing position limit on options on SPY is too restrictive given the liquidity in SPY and the options

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<sup>1</sup> See Release No. 34-64348 (April 27, 2011), 76 FR 24951 (May 3, 2011). We note that SPDRs® trade under the symbol SPY.

<sup>2</sup> See Proposal, 76 FR at 24953.

<sup>3</sup> *Id.*



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on it.<sup>4</sup> This is particularly the case when a contract that is considered by many to be economically equivalent to SPY options - namely SPX options - are exclusively-traded on CBOE with no position limit.<sup>5</sup> NYSE Euronext agrees with PHLX that by virtue of the existing limit on SPY options, traders may be adversely affected in their ability to provide liquidity to all liquidity-seeking participants in SPY options.

### **Conclusion**

NYSE Euronext supports this Proposal and feels that increasing the position limit as proposed will not adversely impact the markets. Indeed, it is our belief that liquidity will likely be enhanced by this Proposal. Moreover, the Proposal will offer investors an alternative to trading SPX options, which are exclusively listed on CBOE. In this regard, we believe that the continued disparate treatment of SPY options, which have a position limit and are traded on multiple exchanges, versus SPX options, which have no position limit and are traded exclusively on CBOE, only serves to thwart competition and harm the marketplace. The PHLX's Proposal to increase the position limits for SPY options is a step in the right direction, and will serve to further promote competition in a manner consistent with the Securities Exchange Act of 1934.

Very truly yours,

A handwritten signature in black ink that reads "Janet McGinness". The signature is written in a cursive, flowing style.

Janet McGinness

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<sup>4</sup> See Proposal, 76 FR at 24952.

<sup>5</sup> See CBOE Rule 24.4