

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-69683; File No. SR-Phlx-2013-57)

June 3, 2013

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Correction of Typographical Errors in Respect of the Treasury Securities Options

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 May 20, 2013, NASDAQ OMX PHLX LLC (“Phlx” or “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 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 the Substance of the Proposed Rule Change

The Exchange is filing with the Commission a proposal to correct a typographical error in the title of the Rule 1000D Series of Rules (Rules Applicable to the Trading of Options on Treasury Securities) and a typographical error in Rule 1004D (Reports Related to Position Limits and Liquidation of Positions - Treasury Securities Options).

The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).

The text of the proposed rule change is available on the Exchange’s website at <http://nasdaqomxphlx.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

<sup>2</sup> 17 CFR 240.19b-4.

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

1. Purpose

The purpose of this filing is to correct a typographical error in the title of the Rule 1000D Series and in Rule 1004D, and thereby clarify and conform Exchange rules pertaining to listing options on Treasury securities ("Treasury securities options").

As of October 2012, Treasury security options are listed, pursuant to the Rule 1000D Series, on Treasury bonds or notes.<sup>3</sup> These are Treasury securities that are a direct obligation of, or an obligation guaranteed as to principal or interest by, the United States or a corporation in which the United States has a direct or indirect interest (except debt securities guaranteed as to timely payment of principal and interest by the Government National Mortgage Association.<sup>4</sup>

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<sup>3</sup> See Securities Exchange Act Release No. 67976 (October 4, 2012), 77 FR 61794 (October 11, 2012) (SR-Phlx-2012-105) (order approving listing and trading Treasury securities options on Phlx) (the "Treasury securities options filing"). Notes have a term to maturity of at least two years but no more than ten years at the time of original issuance, and bonds are interest-bearing debt instruments issued by the U.S. Treasury that have a term to maturity of more than ten years at the time of original issuance. Subsections (a)(2) and (a)(3), respectively, of Rule 1001D.

<sup>4</sup> Rule 1001D(a)(1). Subsection (a)(1) indicates that securities issued or guaranteed by individual departments or agencies of the United States are sometimes referred to by the title of the department or agency involved (e.g. a "Treasury security" is a debt instrument that is issued by the U.S. Treasury).

Currently, Exchange approval of Treasury securities underlying options extends to the settled on-the-run Treasury securities.<sup>5</sup> This filing does not make any changes to the listing and trading rules for Treasury securities options per the Rule 1000D Series, other than the correction of two non-substantive typographical errors.

First, in the name of the Rule 1000D Series, Rules Applicable to Trading of Options on Treasury Securities (Rules 1000D – 1026D)(“the initial rule name”), the Exchange is changing the final rule number from 1026D to 1025D. This is done to clarify and conform the number in the initial rule name to the actual last rule number in the Rule 1000D Series, which is Rule 1025D, as well as with the rule filing initially adopting these requirements, which reflects Rule 1025D as the last rule in the Rule 1000D Series.<sup>6</sup>

Second, in Rule 1004D, the Exchange is changing the number from \$20 million principal amount to \$2 million principal amount. This is done to clarify and conform the principal amount in Rule 1004D with the rule filing initially adopting these requirements, which reflects \$2 million principal amount.<sup>7</sup>

The intent was, and is, to reflect the last rule number and the principal amount as proposed herein.

## 2. Statutory Basis

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<sup>5</sup> On-the-run (as opposed to off-the-run) Treasury securities are the most recently issued U.S. Treasury bonds or notes.

<sup>6</sup> See, e.g., Securities Exchange Act Release No. 67683 (August 17, 2012), 77 FR 51088 at 51088 (“...to implement Exchange Rules 1000D through 1025D...”) and at 51095 (“Proposed rule 1025D sets up guidelines...”) (August 23, 2012) (SR-Phlx-2012-105) (notice of Treasury securities options filing).

<sup>7</sup> See, e.g., Securities Exchange Act Release No. 67683 (August 17, 2012), 77 FR 51088 at 51095 (“...positions of options covering \$2 million...”) (August 23, 2012) (SR-Phlx-2012-105) (notice of Treasury securities options filing).

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>8</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>9</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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, by correcting two non-substantive typographical errors in the Rule 1000D Series, thereby clarifying the Treasury securities options rules and eliminating the potential for confusion. The Exchange believes that the adoption of clear language with respect to the meaning, administration, and enforcement of the Rule 1000D Series will promote members' understanding of the parameters of the rules in respect of Treasury Securities options and the efficiency of their administration.

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

Phlx 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. The Exchange believes that while rule clarity is generally pro-competitive, the act of clarifying and conforming two non-substantive typographical errors should have little, if any, impact on competition.

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.

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

<sup>9</sup> 15 U.S.C. 78f(b)(5).

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

The Exchange believes that the foregoing proposed rule change may take effect upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and Rule 19b-4(f)(6)(iii) thereunder<sup>11</sup> 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.

The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because this rule change is not proposing any substantive changes and is merely correcting inaccuracies in the Exchange's rules. This should eliminate member confusion and provide clarity on how the rules apply. Therefore, the Commission designates the proposal operative upon filing.<sup>12</sup>

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action,

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<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(6)(iii). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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 Exchange has satisfied this requirement.

<sup>12</sup> 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).

the Commission shall institute proceedings to determine whether the proposed rule 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 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-Phlx-2013-57 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-Phlx-2013-57. 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 website (<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 website viewing and printing in the Commission's Public Reference Room, 100 F St. NE, Washington, DC 20549, on

official business days between the hours of 10:00 a.m. and 3:00 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-2013-57, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).