

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57481; File No. S7-966)

March 12, 2008

Program for Allocation of Regulatory Responsibilities Pursuant to Rule 17d-2; Notice of Filing and Order Approving and Declaring Effective an Amendment to the Plan for the Allocation of Regulatory Responsibilities Among the American Stock Exchange LLC, the Boston Stock Exchange, Inc., the Chicago Board Options Exchange, Incorporated, the International Securities Exchange, LLC, Financial Industry Regulatory Authority, Inc., The NASDAQ Stock Market LLC, the New York Stock Exchange, LLC, NYSE Arca, Inc., and the Philadelphia Stock Exchange, Inc.

Notice is hereby given that the Securities and Exchange Commission (“Commission”) has issued an Order, pursuant to Section 17(d) of the Securities Exchange Act of 1934 (“Act”),¹ approving and declaring effective an amendment to the plan for allocating regulatory responsibility filed pursuant to Rule 17d-2 of the Act,² by the American Stock Exchange LLC (“Amex”), the Boston Stock Exchange, Inc. (“BSE”), the Chicago Board Options Exchange, Incorporated (“CBOE”), the International Securities Exchange, LLC (“ISE”), Financial Industry Regulatory Authority, Inc. (“FINRA”), The NASDAQ Stock Market LLC (“NASDAQ”), the New York Stock Exchange (“NYSE”), NYSE Arca, Inc. (“NYSE Arca”), and the Philadelphia Stock Exchange, Inc. (“Phlx”) (collectively, “SRO participants”).

I. Introduction

Section 19(g)(1) of the Act,³ among other things, requires every self-regulatory organization (“SRO”) registered as either a national securities exchange or national securities association to examine for, and enforce compliance by, its members and persons associated with its members with the Act, the rules and regulations thereunder, and the SRO’s own rules, unless

¹ 15 U.S.C. 78q(d).

² 17 CFR 240.17d-2.

³ 15 U.S.C. 78s(g)(1).

the SRO is relieved of this responsibility pursuant to Section 17(d)⁴ or Section 19(g)(2)⁵ of the Act. Without this relief, the statutory obligation of each individual SRO could result in a pattern of multiple examinations of broker-dealers that maintain memberships in more than one SRO (“common members”). Such regulatory duplication would add unnecessary expenses for common members and their SROs.

Section 17(d)(1) of the Act⁶ was intended, in part, to eliminate unnecessary multiple examinations and regulatory duplication.⁷ With respect to a common member, Section 17(d)(1) authorizes the Commission, by rule or order, to relieve an SRO of the responsibility to receive regulatory reports, to examine for and enforce compliance with applicable statutes, rules, and regulations, or to perform other specified regulatory functions.

To implement Section 17(d)(1), the Commission adopted two rules: Rule 17d-1 and Rule 17d-2 under the Act.⁸ Rule 17d-1 authorizes the Commission to name a single SRO as the designated examining authority (“DEA”) to examine common members for compliance with the financial responsibility requirements imposed by the Act, or by Commission or SRO rules.⁹ When an SRO has been named as a common member’s DEA, all other SROs to which the common member belongs are relieved of the responsibility to examine the firm for compliance with the applicable financial responsibility rules. On its face, Rule 17d-1 deals only with an

⁴ 15 U.S.C. 78q(d).

⁵ 15 U.S.C. 78s(g)(2).

⁶ 15 U.S.C. 78q(d)(1).

⁷ See Securities Act Amendments of 1975, Report of the Senate Committee on Banking, Housing, and Urban Affairs to Accompany S. 249, S. Rep. No. 94-75, 94th Cong., 1st Session 32 (1975).

⁸ 17 CFR 240.17d-1 and 17 CFR 240.17d-2, respectively.

⁹ See Securities Exchange Act Release No. 12352 (April 20, 1976), 41 FR 18808 (May 7, 1976).

SRO's obligations to enforce member compliance with financial responsibility requirements. Rule 17d-1 does not relieve an SRO from its obligation to examine a common member for compliance with its own rules and provisions of the federal securities laws governing matters other than financial responsibility, including sales practices and trading activities and practices.

To address regulatory duplication in these and other areas, the Commission adopted Rule 17d-2 under the Act.¹⁰ Rule 17d-2 permits SROs to propose joint plans for the allocation of regulatory responsibilities with respect to their common members. Under paragraph (c) of Rule 17d-2, the Commission may declare such a plan effective if, after providing for notice and comment, it determines that the plan is necessary or appropriate in the public interest and for the protection of investors, to foster cooperation and coordination among the SROs, to remove impediments to, and foster the development of, a national market system and a national clearance and settlement system, and is in conformity with the factors set forth in Section 17(d) of the Act. Commission approval of a plan filed pursuant to Rule 17d-2 relieves an SRO of those regulatory responsibilities allocated by the plan to another SRO.

II. The Plan

On September 8, 1983, the Commission approved the SRO participants' plan for allocating regulatory responsibilities pursuant to Rule 17d-2.¹¹ On May 23, 2000, the Commission approved an amendment to the plan that added the ISE as a participant.¹² On November 8, 2002, the Commission approved another amendment that replaced the original plan

¹⁰ See Securities Exchange Act Release No. 12935 (October 28, 1976), 41 FR 49091 (November 8, 1976).

¹¹ See Securities Exchange Act Release No. 20158 (September 8, 1983), 48 FR 41256 (September 14, 1983).

¹² See Securities Exchange Act Release No. 42816 (May 23, 2000), 65 FR 34759 (May 31, 2000).

in its entirety and, among other things, allocated regulatory responsibilities among all the participants in a more equitable manner.¹³ On February 5, 2004, the parties submitted an amendment to the plan, primarily to include the BSE, which was establishing a new options trading facility to be known as the Boston Options Exchange (“BOX”), as an SRO participant.¹⁴ On December 5, 2007, the parties submitted an amendment to the plan to, among other things, provide that the National Association of Securities Dealers (“NASD”) (n/k/a the Financial Industry Regulatory Authority, Inc. or “FINRA”) and NYSE are Designated Options Examining Authorities under the plan.¹⁵

The plan reduces regulatory duplication for a large number of firms currently members of two or more of the SRO participants by allocating regulatory responsibility for certain options-related sales practice matters to one of the SRO participants. Generally, under the current plan, the SRO participant responsible for conducting options-related sales practice examinations of a firm, and investigating options-related customer complaints and terminations for cause of associated persons of that firm, is known as the firm’s “Designated Options Examining Authority” (“DOEA”). Pursuant to the current plan, any other SRO of which the firm is a member is relieved of these responsibilities during the period in which the firm is assigned to another SRO acting as that firm’s DOEA.

¹³ See Securities Exchange Act Release No. 46800 (November 8, 2002), 67 FR 69774 (November 19, 2002).

¹⁴ See Securities Exchange Act Release No. 49197 (February 5, 2004), 69 FR 7046 (February 12, 2004).

¹⁵ See Securities Exchange Act Release No. 55532 (March 26, 2007), 72 FR 15729 (April 2, 2007).

III. Proposed Amendment to the Plan

On December 27, 2007, the parties submitted a proposed amendment to the plan. The primary purpose of the amendment is to add NASDAQ as an SRO participant and to reflect the name change of NASD to FINRA. The amended agreement replaces the previous agreement in its entirety. The text of the proposed amended 17d-2 plan is as follows (additions are underlined; deletions are [bracketed]):

* * * * *

Agreement by and among the American Stock Exchange, LLC, the Boston Stock Exchange, Inc., the Chicago Board Options Exchange, Inc., the International Securities Exchange, LLC, Financial Industry Regulatory Authority [the National Association of Securities Dealers], Inc., the New York Stock Exchange, LLC, the NYSE Arca Inc., The NASDAQ Stock Market LLC, and the Philadelphia Stock Exchange, Inc., Pursuant to Rule 17d-2 under the Securities Exchange Act of 1934.

This agreement (“Agreement”), by and among the American Stock Exchange, LLC, the Boston Stock Exchange, Inc., the Chicago Board Options Exchange, Inc., the International Securities Exchange, LLC, Financial Industry Regulatory Authority [the National Association of Securities Dealers], Inc. (“FINRA[NASD]”), The NASDAQ Stock Market LLC (“NASDAQ”), the New York Stock Exchange, LLC (“NYSE”), the NYSE Arca, Inc., and the Philadelphia Stock Exchange, Inc., hereinafter collectively referred to as the Participants, is made this 27th[1st] day of December, 2007[6], pursuant to the provisions of Rule 17d-2 under the Securities Exchange Act of 1934 (the “Exchange Act”), which allows for plans among self-regulatory organizations to allocate regulatory responsibility. This Agreement shall be administered by a committee known as the Options Self-Regulatory Council (the “Council”).

This Agreement amends and restates the agreement entered into among the Participants on December 1, 2006, entitled “Agreement by and among the American Stock Exchange, LLC, the Boston Stock Exchange, Inc., the Chicago Board Options Exchange, Inc., the International Securities Exchange, LLC, National Association of Securities Dealers, Inc., the New York Stock Exchange, LLC, the NYSE Arca Inc., and the Philadelphia Stock Exchange, Inc., Pursuant to Rule 17d-2 under the Securities Exchange Act of 1934.”

WHEREAS, the Participants are desirous of allocating regulatory responsibilities with respect to broker-dealers, and persons associated therewith, that are members^{†1} of more than one Participant (the “Common Members”) and conduct a public business for compliance with Common Rules (as hereinafter defined) relating to the conduct by broker-dealers of accounts for listed options, index warrants, currency index warrants and currency warrants (collectively, “Covered Securities”); and

WHEREAS, the Participants are desirous of executing a plan for this purpose pursuant to the provisions of Rule 17d-2 and filing such plan with the Securities and Exchange Commission (“SEC” or the “Commission”) for its approval;

NOW, THEREFORE, in consideration of the mutual covenants contained hereafter, the Participants agree as follows:

- I. As used herein the term Designated Options Examining Authority (“DOEA”) shall mean FINRA[NASD] and NYSE insofar as each shall perform Regulatory Responsibility (as hereinafter defined) for its broker-dealer members that also are members of another Participant, and allocated to it in accordance with the terms

^{†1} In the case of the Boston Stock Exchange, Inc., and NASDAQ members are those persons who are options participants (as defined in the BOX and NASDAQ Options Market Rules).

hereof. The Designated Examination Authority (“DEA”) pursuant to SEC Rule 17d-1 under the Securities Exchange Act (“Rule 17d-1”) for a broker-dealer that is a member of a more than one Participant (but not a member of a DOEA) shall perform the Regulatory Responsibility under the Agreement as if such DEA were the DOEA.

- II. As used herein, the term “Regulatory Responsibility” shall mean the examination and enforcement responsibilities relating to compliance by broker-dealers that are members of more than one Participant (the “Common Members”) with the rules of the applicable Participant that are substantially similar to the rules of the other Participants (the “Common Rules”), insofar as they apply to the conduct of accounts for Covered Securities. A list of the current Common Rules of each Participant applicable to the conduct of accounts for Covered Securities is attached hereto as Exhibit A. Each year within 30 days of the anniversary date of the commencement of operation of this Agreement, each Participant shall submit in writing to each DOEA and DEA performing as a DOEA for any members of such Participant any revisions to Exhibit A reflecting changes in the rules of the Participant or DOEAs, and confirm that all other rules of the Participant listed in Exhibit A continue to meet the definition of Common Rules as defined in this Agreement. Within 30 days from the date that each DOEA has received revisions and/or confirmation that no change has been made to Exhibit A from all Participants, the DOEAs shall confirm in writing to each Participant whether the rules listed in any updated Exhibit A are Common Rules as defined in this Agreement. Notwithstanding anything herein to the contrary, it is explicitly

understood that the term “Regulatory Responsibility” does not include, and each of the Participants shall (unless allocated pursuant to Rule 17d-2 otherwise than under this Agreement) retain full responsibility for, each of the following:

- (a) Surveillance and enforcement with respect to trading activities or practices involving its own marketplace, including without limitation its rules relating to the rights and obligations of specialists and other market makers;
- (b) Registration pursuant to its applicable rules of associated persons;
- (c) Discharge of its duties and obligations as a DEA; and
- (d) Evaluation of advertising, responsibility for which shall remain with the Participant to which a Common Member submits same for approval.

III. Apparent violations of another Participant’s rules discovered by a DOEA, but which rules are not within the scope of the discovering DOEA’s Regulatory Responsibility, shall be referred to the relevant Participant for such action as the Participant to which such matter has been referred deems appropriate.

Notwithstanding the foregoing, nothing contained herein shall preclude a DOEA in its discretion from requesting that another Participant conduct an enforcement proceeding on a matter for which the requesting DOEA has Regulatory Responsibility. If such other Participants agree, the Regulatory Responsibility in such case shall be deemed transferred to the accepting Participant. Each Participant agrees, upon request, to make available promptly all relevant files, records and/or witnesses necessary to assist another Participant in an investigation or enforcement proceeding.

- IV. The Council shall be composed of one representative designated by each of the Participants. Each Participant shall also designate one or more persons as its alternate representative(s). In the absence of the representative of a Participant, such alternate representative shall have the same powers, duties and responsibilities as the representative. Each Participant may, at any time, by notice to the then Chair of the Council, replace its representative and/or its alternate representative on such Council. A majority of the Council shall constitute a quorum and, unless specifically otherwise required, the affirmative vote of a majority of the Council members present (in person, by telephone or by written consent) shall be necessary to constitute action by the Council. From time to time, the Council shall elect one member from the DOEAs to serve as Chair and another from the Council to serve as Vice Chair (to substitute for the Chair in the event of his or her unavailability at a meeting of the Council). All notices and other communications for the Council shall be sent to it in care of the Chair or to each of the representatives.
- V. The Council shall determine the times and locations of Council meetings, provided that the Chair, acting alone, may also call a meeting of the Council in the event the Chair determines that there is good cause to do so. To the extent reasonably possible, notice of any meeting shall be given at least ten-business days prior thereto. Notwithstanding anything herein to the contrary, representatives shall always be given the option of participating in any meeting telephonically at their own expense rather than in person.

- VI. For the purpose of fulfilling the Participants' Regulatory Responsibilities, the DOEAs shall allocate Common Members that conduct a public business in Covered Securities among DOEAs from time to time in such manner as the DOEAs deem appropriate, provided that any such allocation shall be based on the following principles except to the extent affected DOEAs consent:
- (a) The DOEAs may not allocate a member to a DOEA unless the member is a member of that DOEA, nor shall any member be allocated to a Participant that is not a DOEA or DEA acting as a DOEA.
 - (b) To the extent practical and desired by the DOEAs, Common Members that conduct a public business in Covered Securities shall be allocated among the DOEAs of which they are members in such manner as to equalize as nearly as possible the allocation of such Common Members among such DOEAs.
 - (c) To the extent practical and desired by the DOEAs, the allocation of Common Members shall take into account the amount of customer activity conducted by each member in Covered Securities such that Common Members shall be allocated among the DOEAs of which they are members in such manner as most evenly divides the Common Members with the largest amount of customer activity among such DOEAs.
 - (d) The DOEAs shall make general reallocations of Common Members from time-to-time, as it deems appropriate.
 - (e) All Participants shall promptly notify the DOEAs no later than the next scheduled meeting of any change in membership of Common Members.

Whenever a Common Member ceases to be a member of its DOEA, that DOEA shall promptly inform the other DOEAs, which will promptly review the matter and reallocate the Common Member to the extent practical.

- (f) A DOEA may request that a Common Member that is allocated to it be reallocated to another DOEA by giving thirty days written notice thereof. The DOEAs in their discretion may approve such request and reallocate such Common Member to another DOEA.
- (g) All determinations by the DOEAs with respect to allocations, if there are more than two DOEAs, shall be by the affirmative vote of a majority of the DOEAs of which such firm is a Common Member, otherwise by negotiation and consensus.

VII. Each DOEA shall conduct an examination of each Common Member allocated to it on a cycle not less frequently than agreed upon by all DOEAs. The other Participants agree that, upon request, relevant information in their respective files relative to a Common Member will be made available to the applicable DOEA. At each meeting of the Council, each DOEA shall be prepared to report on the status of its examination program for the previous quarter and any period prior thereto that has not previously been reported to the Council. In the event a DOEA believes it will not be able to complete the examination cycle for its allocated firms, it will so advise the Council. The DOEAs may undertake to remedy this situation by reallocating selected firms or lengthening the cycles for selected firms, with the approval of all other DOEAs.

- VIII. Each DOEA will promptly furnish a copy of the Examination report, relating to Covered Securities, of any examination made pursuant to the provisions of this Agreement to each other Participant of which the Common Member examined is a member.
- IX. Each DOEA's Regulatory Responsibility shall for each Common Member allocated to it include investigations into terminations "for cause" of associated persons relating to Covered Securities, unless such termination is related solely to another Participant's market. In the latter instance, that Participant to whose market the termination for cause relates shall discharge Regulatory Responsibility with respect to such termination for cause. In connection with a DOEA's examination, investigation and/or enforcement proceeding regarding a Covered Security-related termination for cause, the other Participants of which the Common Member is a member shall furnish, upon request, copies of all pertinent materials related thereto in their possession. As used in this Section, "for cause" shall include, without limitation, terminations characterized on Form U5 under the label "Permitted to Resign," "Discharge" or "Other."
- X. Each DOEA shall discharge the Regulatory Responsibility for each Common Member allocated to it relative to a Covered Securities-related customer complaint^{†2} unless such complaint is uniquely related to another Participant's market. In the latter instance, the DOEA shall forward the matter to that Participant to whose market the matter relates, and the latter shall discharge Regulatory Responsibility with respect thereto. If a Participant receives a

^{†2} For purposes of complaints, they can be reported pursuant to Form U4, Form U5 or RE-3 and any amendments thereto.

customer complaint for a Common Member related to a Covered Security for which the Participant is not the DOEA, the Participant shall promptly forward a copy of such complaint to the DOEA.

- XI. Any written notice required or permitted to be given under this Agreement shall be deemed given if sent by certified mail, return receipt requested, or by a comparable means of electronic communication to each Participant entitled to receipt thereof, to the attention of the Participant's representative on the Council at the Participant's then principal office or by e-mail at such address as the representative shall have filed in writing with the Chair.
- XII. The Participants shall notify the Common Members of this Agreement by means of a uniform joint notice approved by the Council.
- XIII. This Agreement may be amended in writing duly approved by each Participant.
- XIV. Any of the Participants may manifest its intention to cancel its participation in this Agreement at any time by giving the Council written notice thereof at least 90 days prior to the effective date of such cancellation. Upon receipt of such notice the Council shall allocate, in accordance with the provisions of this Agreement, any Common Members for which the petitioning party was the DOEA. Until such time as the Council has completed the reallocation described above; the petitioning Participant shall retain all its rights, privileges, duties and obligations hereunder.
- XV. The cancellation of its participation in this Agreement by any Participant shall not terminate this Agreement as to the remaining Participants. This Agreement will only terminate following notice to the Commission, in writing, by the then

Participants that they intend to terminate the Agreement and the expiration of the applicable notice period. Such notice shall be given at least six months prior to the intended date of termination, provided that in the event a notice of cancellation is received from a Participant that, assuming the effectiveness thereof, would result in there being just one remaining member of the Council, notice to the Commission of termination of this Agreement shall be given promptly upon the receipt of such notice of cancellation, which termination shall be effective upon the effectiveness of the cancellation that triggered the notice of termination to the Commission.

LIMITATION OF LIABILITY

No Participant nor the Council nor any of their respective directors, governors, officers, employees or representatives shall be liable to any other Participant in this Agreement for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of Regulatory Responsibility as provided hereby or for the failure to provide any such Responsibility, except with respect to such liability, loss or damages as shall have been suffered by one or more of the Participants and caused by the willful misconduct of one or more of the other participants or their respective directors, governors, officers, employees or representatives. No warranties, express or implied, are made by any or all of the Participants or the Council with respect to any Regulatory Responsibility to be performed by each of them hereunder.

RELIEF FROM RESPONSIBILITY

Pursuant to Section 17(d)(1)(A) of the Securities Exchange Act of 1934 and Rule 17d-2 promulgated pursuant thereto, the Participants join in requesting the Securities and Exchange Commission, upon its approval of this Agreement or any part thereof, to relieve those Participants which are from time to time participants in this Agreement which are not the DOEA as to a Common Member of any and all Regulatory Responsibility with respect to the matters allocated to the DOEA.

EXHIBIT A

RULES ENFORCED UNDER 17d-2 AGREEMENT

OPENING OF ACCOUNTS

AMEX	Rules 411, 921 and 1101
CBOE	Rule 9.7
ISE	Rule 608
FINRA	NASD Rules 2860(b)(16), IM-2860-2 & 2843
NYSE	Rule 721
PHLX	Rule 1024(b)
NYSE ARCA	Rule 9.2(a) and Rule 9.18(b)
BSE/BOX	Chapter XI, Section 9
<u>NASDAQ</u>	<u>Chapter XI, Section 7</u>

SUPERVISION

AMEX	Rules 411, 922 & 1104
CBOE	Rule 9.8
ISE	Rule 609

FINRA	NASD Rules 2860(b)(20), 2860(b)(17)(B), 2846 & 2849
NYSE	Rule 722
PHLX	Rule 1025
NYSE ARCA	Rule 9.2(b)
BSE/BOX	Chapter XI, Section 10
<u>NASDAQ</u>	<u>Chapter XI, Section 8</u>

SUITABILITY

AMEX	Rules 923 & 1102
CBOE	Rule 9.9
ISE	Rule 610
FINRA	NASD Rule 2860(b)(19) & 2844
NYSE	Rule 723
PHLX	Rule 1026
NYSE ARCA	Rule 9.18(c)
BSE/BOX	Chapter XI, Section 11
<u>NASDAQ</u>	<u>Chapter XI, Section 9</u>

DISCRETIONARY ACCOUNTS

AMEX	Rules 421, 924 & 1103
CBOE	Rule 9.10
ISE	Rule 611
FINRA	NASD Rules 2860(b)(18) & 2845

NYSE	Rules 724 & 414
PHLX	Rule 1027
NYSE ARCA	Rule 9.18(e)
BSE/BOX	Chapter XI, Section 12
<u>NASDAQ</u>	<u>Chapter XI, Section 10</u>

CUSTOMER COMMUNICATIONS (ADVERTISING)

AMEX	Rules 480, 481, 991 & 1106
CBOE	Rule 9.21
ISE	Rule 623
FINRA	NASD Rules 2220 & 2848
NYSE	Rule 791
PHLX	Rule 1049
NYSE ARCA	Rule 9.22(a)
BSE/BOX	Chapter XI, Section 24
<u>NASDAQ</u>	<u>Chapter XI, Section 22</u>

CUSTOMER COMPLAINTS

AMEX	Rules 932 and 1105
CBOE	Rule 9.23
ISE	Rule 625
FINRA	NASD Rules 2860(b)(17)(A), 3070(a) & (c) & 2847
NYSE	Rules 732 & 351(a) and (d)

PHLX	Rule 1070
NYSE ARCA	Rule 9.18(I)
BSE/BOX	Chapter XI, Section 26
<u>NASDAQ</u>	<u>Chapter XI, Section 24</u>

CUSTOMER STATEMENTS

AMEX	Rules 419 and 930
CBOE	Rule 9.12
ISE	Rules 613 and 614
FINRA	NASD Rule 2860(b)(15)
NYSE	Rules 730 & 409(a)
PHLX	Rule 1032
NYSE ARCA	Rule 9.18(j)
BSE/BOX	Chapter XI, Sections 14 and 15
<u>NASDAQ</u>	<u>Chapter XI, Sections 12 and 13</u>

CONFIRMATIONS

AMEX	Rule 925
CBOE	Rule 9.11
ISE	Rule 612
FINRA	NASD Rule 2860(b)(12)
NYSE	Rules 725 & 409(b)
PHLX	Rule 1028

NYSE ARCA	Rule 9.18(f)
BSE/BOX	Chapter XI, Section 13
<u>NASDAQ</u>	<u>Chapter XI, Section 11</u>

ALLOCATION OF EXERCISE ASSIGNMENT NOTICES

AMEX	Rule 981
CBOE	Rule 11.2
ISE	Rule1101
FINRA	NASD Rule 2860(b)(23)
NYSE	Rule 781
PHLX	Rule 1043
NYSE ARCA	Rule 6.25(a)
BSE/BOX	Chapter VII, Section 2
<u>NASDAQ</u>	<u>Chapter VIII, Section 2</u>

DISCLOSURE DOCUMENTS

AMEX	Rules 921 and 926
CBOE	Rule 9.15
ISE	Rule 616
FINRA	NASD Rule 2860(b)(1 1)
NYSE	Rule 726 (a) and (c)
PHLX	Rule 1024(b)(v), 1029
NYSE ARCA	Rule 9.18(g)

BSE/BOX Chapter XI, Section 17

NASDAQ Chapter XI, Section 15

BRANCH OFFICES OF MEMBER ORGANIZATIONS

AMEX Rule 320

CBOE Rule 9.6

ISE Rule 607

FINRA NASD Rule 2860(b)(20)(c) & 2846

NYSE Rule 722(d)

PHLX Rule 602

NYSE ARCA Rule 9.18(m)

BSE/BOX Chapter XI, Section 8

NASDAQ Chapter XI, Section 6

PROHIBITION AGAINST GUARANTEES

AMEX Rule 341

CBOE Rule 9.18

ISE Rules 619 and 620

FINRA NASD Rule 2330(e)

NYSE Rule 352(a)

PHLX Rule 777

NYSE ARCA Rule 9.1(e)

BSE/BOX Chapter XI, Sections 20 and 21

NASDAQ Chapter XI, Sections 18 and 19

ASSUMING LOSSES

AMEX	Rule 16
CBOE	Rule 9.19
ISE	Rule 621
FINRA	NASD Rule 2330(f)
NYSE	Rules 352 (b) and (c)
PHLX	Rule 777
NYSE ARCA	Rule 9.1(f)
BSE/BOX	Chapter XI, Section 22
<u>NASDAQ</u>	<u>Chapter XI, Section 20</u>

REGISTRATION OF ROP

AMEX	Rule 920
CBOE	Rule 9.2
ISE	Rule 601
FINRA	NASD Rules 1022(f) & IM-1022-1
NYSE	Rule 720
PHLX	Rule 1024
NYSE ARCA	Rule 9.26
BSE/BOX	Chapter XI, Section 2
<u>NASDAQ</u>	<u>Chapter XI, Section 2</u>

CERTIFICATION OF REGISTERED PERSONNEL

Amex	Rule 920
CBOE	Rule 9.3
ISE	Rule 602
FINRA	NASD Rule 1032(d)
NYSE	Rule 345
PHLX	Rule 1024
NYSE ARCA	Rule 9.27(a)
BSE/BOX	Chapter XI, Section 3
<u>NASDAQ</u>	<u>Chapter XI, Section 3</u>

* * * * *

IV. Solicitation of Comments

In order to assist the Commission in determining whether to approve the 17d-2 plan, interested persons are invited to submit written data, views, and arguments concerning the foregoing. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/other.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number S7-966 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number S7-966. 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/other.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed plan that are filed with the Commission, and all written communications relating to the proposed plan 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 inspection and copying in the Commission's Public Reference Room, on official business days between the hours of 10:00 am and 3:00 pm. Copies of the plan also will be available for inspection and copying at the principal offices of Amex, BSE, CBOE, ISE, FINRA, NASDAQ, NYSE, NYSE Arca, and the Phlx. 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 S7-966 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

V. Discussion

The Commission continues to believe that the proposed plan is an achievement in cooperation among the SRO participants, and will reduce unnecessary regulatory duplication by allocating to the designated SRO the responsibility for certain options-related sales practice matters that would otherwise be performed by multiple SROs. The plan promotes efficiency by reducing costs to firms that are members of more than one of the SRO participants. In addition, because the SRO participants coordinate their regulatory functions in accordance with the plan, the plan promotes, and will continue to promote, investor protection.

Under paragraph (c) of Rule 17d-2, the Commission may, after appropriate notice and comment, declare a plan, or any part of a plan, effective. In this instance, the Commission believes that appropriate notice and comment can take place after the proposed amendment is effective. The primary purpose of the amendment is to add NASDAQ as an SRO participant and to reflect the name change of NASD to FINRA. By declaring it effective today, the amended plan can become effective and be implemented concurrently with the Commission's approval of NASDAQ's new options facility, the NASDAQ Options Market.¹⁶ In addition, the Commission notes that the prior version of this plan immediately prior to this proposed amendment was published for comment and the Commission did not receive any comments thereon.¹⁷ Finally, the Commission does not believe that the amendment to the plan raises any new regulatory issues that the Commission has not previously considered.

¹⁶ See Securities Exchange Act Release No. 57478 (March 12, 2008) (SR-NASDAQ-2007-004) (SR-NASDAQ-2007-080).

¹⁷ See supra note 15 (citing to Securities Exchange Act Release No. 55532).

VI. Conclusion

This order gives effect to the amended plan submitted to the Commission that is contained in File No. S7-966.

IT IS THEREFORE ORDERED, pursuant to Section 17(d) of the Act,¹⁸ that the amended plan dated December 27, 2007 by and between the Amex, BSE, CBOE, ISE, FINRA, NASDAQ, NYSE, NYSE Arca, and Phlx filed pursuant to Rule 17d-2 is hereby approved and declared effective.

IT IS FURTHER ORDERED that those SRO participants that are not the DOEA as to a particular common member are relieved of those regulatory responsibilities allocated to the common member's DOEA under the amended plan to the extent of such allocation.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Florence E. Harmon
Deputy Secretary

¹⁸ 15 U.S.C. 78q(d).

¹⁹ 17 CFR 200.30-3(a)(34).