This document is scheduled to be published in the
Federal Register on 02/27/2012 and available online at
http://federalregister.gov/a/2012-04403, and on **FDsys.gov**

8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-66430; File No. SR-Phlx-2011-178)

February 21, 2012

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Order Approving Proposed Rule Change Relating to Stock Execution Clerks

On December 20, 2011, NASDAQ OMX PHLX LLC ("Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] a proposed rule change to eliminate the stock execution clerk registration category from the Exchange's rules. The proposed rule change was published for comment in the Federal Register on January 9, 2012.[3] The Commission received no comments on the proposal.

The purpose of the proposed rule change is to eliminate the category of stock execution clerk from the Exchange's rules. Exchange Rule 1090 currently defines a stock execution clerk as any clerk other than a specialist clerk on the Exchange trading floor who functions as an intermediary in a transaction (i) consummated on the Exchange; (ii) entered verbally for execution other than on the Exchange; or (iii) entered into a third party system designed to execute transactions other than on the Exchange.[4] A stock execution clerk is intended to provide a service to Exchange members on the Options Floor by accepting orders for the purchase and sale of securities underlying options transactions. Once such orders are accepted, the stock execution clerk forwards such orders to the appropriate marketplace for execution. According to the Exchange, the transactions executed are typically hedging transactions in underlying stocks

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 See Securities Exchange Act Release No. 66079 (January 3, 2012), 77 FR 1099.

4 See Exchange Rule 1090, Commentary .01(a).

for Exchange specialists and Registered Options Traders.

The Exchange has represented that this registration capacity is outdated and no longer necessary. According to the Exchange, the function of a stock execution clerk has become largely automated, as transactions that were handled by stock execution clerks now take place off-floor and mostly occur electronically. As such, the type of business conducted by stock execution clerks is not conducted on the Exchange's trading floor today. The Exchange stated that there are not currently any registered stock execution clerks on the Exchange, and there have not been for some time.

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange[5] and, in particular, the requirements of Section 6(b)(5) of the Act.[6] Specifically, the Commission finds that the proposed rule change 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.

The proposal will eliminate the stock execution clerk registration category from the Exchange's rules. There are no clerks currently registered as a stock execution clerks on the Exchange's trading floor, and there have not been for some time. Given that there are currently no stock execution clerks registered with the Exchange, and that transactions that were previously handled by stock execution clerks now take place off-floor and mostly occur electronically, this registration category is no longer necessary. As such, deleting this category

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5 In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

6 15 U.S.C. 78f(b)(5).

of clerks is reasonably designed to provide clarity to members, and to keep the Exchange's rules updated. For the foregoing reasons, the Commission believes that the proposed rule change is consistent with the Act.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,[7] that the proposed rule change (SR-Phlx-2011-178) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[8]

Kevin M. O'Neill
Deputy Secretary

[FR Doc. 2012-4403 Filed 02/24/2012 at 8:45 am; Publication Date: 02/27/2012]

7 15 U.S.C. 78s(b)(2).

8 17 CFR 200.30-3(a)(12).