Proposed Rule Change by Philadelphia Stock Exchange
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial Amendment Withdrawal Section 19(b)(2) Section 19(b)(3)(A) Section 19(b)(3)(B) Rule
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Description
Provide a brief description of the proposed rule change (limit 250 characters).

Options on Commodity Pool ETFs

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name Carla Last Name Behnfeldt
Title Director
E-mail Carla.Behnfeldt@phlx.com
Telephone (215) 496-5208 Fax ☐

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date 04/18/2007
By Carla Behnfeldt Director
(Name) (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Carla Behnfeldt,
If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission’s permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e., partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.
1. **Text of the Proposed Rule Change**

The Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")\(^1\) and Rule 19b-4 thereunder,\(^2\) proposes to amend certain rules to permit the listing and trading of options on equity interests issued by trust issued receipts ("Commodity TIRs"), partnership units, and other entities (referred herein to as "Commodity Pool ETFs") that hold or invest in commodity futures products.

A notice of the proposed rule change for publication in the **Federal Register** is attached hereto as *Exhibit 1* and the text of the amended Exchange rules is attached hereto as *Exhibit 5*.

2. **Procedures of the Self-Regulatory Organization**

The Board of Governors approved the proposal for filing with the Securities and Exchange Commission ("SEC" or "Commission") on April 18, 2007.

Questions and comments on the proposed rule change may be directed to Carla Behnfeldt, Director and Counsel, at (215) 496-5208, or Edith Hallahan, Senior Vice President and Deputy General Counsel, at (215) 496-5179.

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

a. **Purpose**

The purpose of the proposed rule change is to enable the listing and trading on the Exchange of options on interests in Commodity Pool ETFs that trade directly or

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indirectly commodity futures products. As a result, Commodity Pool ETFs are subject to the Commodity Exchange Act ("CEA") due to their status as a commodity pool, and therefore, regulated by the Commodity Futures Trading Commission ("CFTC"). Commodity Pool ETFs may hold or trade in one or more types of investments that may include any combination of securities, commodity futures contracts, options on commodity futures contracts, swaps, and forward contracts.

Currently, Commentary .06 to Phlx Rule 1009 provides securities deemed appropriate for options trading shall include shares or other securities ("Exchange-Traded Fund Shares") that are principally traded on a national securities exchange or through the facilities of a national securities association and reported as a national market system security, and that represent an interest in a registered investment company organized as an open-end management investment company, a unit investment trust or a similar entity which holds securities constituting or otherwise based on or representing an investment in an index or portfolio of securities.

The Exchange proposes to amend Commentary .06 to Rule 1009 to expand the type of options to include the listing and trading of options based on shares of Commodity Pool ETFs (the "Shares") that may hold or invest directly or indirectly in commodity futures products, including but not limited to, commodity futures contracts,

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3 A "commodity pool" is defined in CFTC Regulation 4.10(d)(1) as any investment trust, syndicate, or similar form of enterprise operated for the purpose of trading commodity interests. CFTC regulations further provide that a "commodity interest" means a commodity futures contract and any contract, agreement or transaction subject to Commission regulation under section 4c or 19 of the Act. See CFTC Regulation 4.10(a).

4 The manager or operator of a "commodity pool" is required to register, unless applicable exclusions apply, as a commodity pool operator ("CPO") and commodity trading advisor ("CTA") with the CFTC and become a member of the National Futures Association ("NFA").
options on commodity futures contracts, swaps, and forward contracts. As part of this revision to Commentary .06 to Rule 1009, the Exchange proposes to add subsection (c) requiring for Commodity Pool ETFs that a comprehensive surveillance sharing agreement be in place with the marketplace or marketplaces with last sale reporting that represent(s) the highest volume in such commodity futures contracts and/or options on commodity futures contracts on the specified commodities or non-U.S. currency, which are utilized by the national securities exchange where the underlying Commodity Pool ETFs are listed and traded.

As set forth in proposed amended Commentary .06 to Rule 1009, Commodity Pool ETFs must be traded on a national securities exchange or through the facilities of a national securities association and must be reported as a national market security. In addition, shares of Commodity Pool ETFs must meet either: (i) the criteria and guidelines under Commentary .01 to Rule 1009; or (ii) be available for creation or redemption each business day in cash or in kind from the commodity pool, trust, or similar entity at a price related to net asset value. In addition, the commodity pool, trust or other similar entity shall provide that shares may be created even though some or all of the securities needed to be deposited have not been received by the commodity pool, trust or other similar entity, provided the authorized creation participant has undertaken to deliver the shares as soon as possible and such undertaking has been secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the commodity pool, trust, or other similar entity which underlies the option as described in the prospectus.

New Commentary .08 to Rule 1010 defines “Partnership Units.” The definition tracks the definition that recently has been proposed by the Chicago Board Options
Exchange ("CBOE") in its proposal to list and trade Commodity Pool ETFs, and approved by the Commission. The proposed definition of “Partnership Units” includes a broad universe of securities, including those of entities that invest in physical commodities. However, the current filing proposes to list and trade options only on Commodity Pool ETFs that invest in a combination of commodity derivative products, and not in physical commodities.

Under the applicable continued listing criteria in Commentary .08 to Phlx Rule 1010, the Shares may be subject to delisting as follows: (1) following the initial twelve-month period beginning upon the commencement of trading of the Shares, there are fewer than 50 record and/or beneficial holders of the Shares for 30 or more consecutive trading days; (2) the value of the index, non-U.S. currency, portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities, or portfolio of securities on which the Shares are based is no longer calculated or available; or (3) such other event occurs or condition exists that in the opinion of the Exchange makes further dealing on the Exchange inadvisable. Additionally, the Shares shall not be deemed to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Shares, if the Shares are

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5 See SR-CBOE-2007-21, Amendment No. 1. CBOE explained in the proposed rule change that the American Stock Exchange ("Amex") has filed a proposed rule change seeking to add “Commodity Pool ETFs” to the types of securities on which it lists equity options, and that in Section 1(a) of Amex’s filing, the term “Commodity Pool ETFs” is defined to include, but is not limited to, Trust Issued Receipts, Partnership Units and other entities. See Securities Exchange Act Release No. 55187 (January 29, 2007), 72 FR 5467 (February 6, 2007) (Notice of Filing of Proposed Rule Change Relating to Options Based on Commodity Pool ETFs). CBOE noted that it did not have a definition of Partnership Units and was proposing to add one, as Phlx is doing now. CBOE’s proposal was approved in Securities Exchange Act Release No. 55630 (April 16, 2007).
halted from trading on their primary market, or if the Shares are delisted in accordance with the terms of Phlx Rule 1010, or the value of the index or portfolio on which the Shares are based is no longer calculated or available.

The Exchange further proposes to amend Phlx Rule 1022 to ensure that the specialist and Registered Options Traders handling the Shares provide the Exchange with all necessary information relating to their trading in the applicable physical commodities, physical commodity options, commodity futures contracts, options on commodity futures contracts, any other derivatives based on such commodity. In addition, the revision to Phlx Rule 1022 will prohibit a specialist or Registered Options Trader from engaging in trading activities in physical commodities, physical commodity options, commodity futures contracts, options on commodity futures contracts, any other derivatives based on such commodity from trading in an account which has not been reported to the Exchange.

The Exchange represents that it has an adequate surveillance program in place for options based on Commodity Pool ETFs. The Exchange may obtain trading information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members or affiliates of the ISG and expects that it will enter into numerous comprehensive surveillance sharing agreements with various commodity futures exchanges worldwide. Prior to listing and trading options on Commodity Pool ETFs, the Exchange represents that it will either have the ability to obtain specific trading information via ISG or through a comprehensive surveillance sharing agreement with the primary exchange or exchanges where the particular commodity futures and/or options on commodity futures are traded.
The addition of Commodity Pool ETF options will not have any effect on the rules pertaining to position and exercise limits\(^6\) or margin.\(^7\)

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^8\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^9\) 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.

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

The 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.

5. 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.

6. Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

\(^6\) See Phlx Rules 1001 and 1002.

\(^7\) See Phlx Rule 722.


The Exchange requests accelerated effectiveness of the proposed rule change pursuant to Rule 19(b)(2) of the Act, as the proposed rule change is substantially similar in all material respects to a proposal of the Amex, SR-Amex-2006-110, which the Commission has approved, to enable listing and trading of options on interests in Commodity Pool ETFs that trade directly or indirectly commodity futures products. The Amex proposal was recently noticed for public comment and received no comment letters. As a result, Phlx believes that a comment period for its proposal is not necessary.

Because the Exchange is seeking to amend its rule to enable the listing and trading of the exact same types of options proposed in Amex’s noticed and approved rule change filing (i.e., Commodity Pool ETFs), the Exchange respectfully requests that the Commission find good cause to approve the proposed rule change on an accelerated basis. Doing so will encourage fair competition among the exchanges, by allowing the Phlx to effectively compete with Amex and the other options exchanges which have received Commission approval to trade this product.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

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As discussed above, this proposed rule change is based on recent Commission approvals of proposals made by Amex, CBOE and the International Securities Exchange ("ISE").\textsuperscript{11}

9. **Exhibits**

   1. Notice of proposed rule for publication in the Federal Register.

   5. Proposed Rule Text

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\textsuperscript{11} Id.
SECURITIES AND EXCHANGE COMMISSION

Self-Regulatory Organizations; Notice of Filing and Accelerated Approval of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Options on Commodity Pool ETFs

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹, and Rule 19b-4² thereunder, notice is hereby given that on ______________________ 2007, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Phlx. 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 Phlx, pursuant to Section 19(b)(1) of the Act³ and Rule 19b-4 thereunder,⁴ proposes to amend certain rules to permit the listing and trading of options on equity interests issued by trust issued receipts ("Commodity TIRs"), partnership units, and other entities (referred herein to as "Commodity Pool ETFs") that hold or invest in commodity futures products.

The text of the amended Exchange rules is attached hereto as Exhibit 5.

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 Phlx 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 Phlx 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**

The purpose of the proposed rule change is to enable the listing and trading on the Exchange of options on interests in Commodity Pool ETFs that trade directly or indirectly commodity futures products. As a result, Commodity Pool ETFs are subject to the Commodity Exchange Act ("CEA") due to their status as a commodity pool,\(^5\) and therefore, regulated by the Commodity Futures Trading Commission ("CFTC").\(^6\) Commodity Pool ETFs may hold or trade in one or more types of investments that may include any combination of securities, commodity futures contracts, options on commodity futures contracts, swaps, and forward contracts.

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\(^5\) A "commodity pool" is defined in CFTC Regulation 4.10(d)(1) as any investment trust, syndicate, or similar form of enterprise operated for the purpose of trading commodity interests. CFTC regulations further provide that a "commodity interest" means a commodity futures contract and any contract, agreement or transaction subject to Commission regulation under section 4c or 19 of the Act. See CFTC Regulation 4.10(a).

\(^6\) The manager or operator of a "commodity pool" is required to register, unless applicable exclusions apply, as a commodity pool operator ("CPO") and commodity trading advisor ("CTA") with the CFTC and become a member of the National Futures Association ("NFA").
Currently, Commentary .06 to Phlx Rule 1009 provides securities deemed appropriate for options trading shall include shares or other securities ("Exchange-Traded Fund Shares") that are principally traded on a national securities exchange or through the facilities of a national securities association and reported as a national market system security, and that represent an interest in a registered investment company organized as an open-end management investment company, a unit investment trust or a similar entity which holds securities constituting or otherwise based on or representing an investment in an index or portfolio of securities.

The Exchange proposes to amend Commentary .06 to Rule 1009 to expand the type of options to include the listing and trading of options based on shares of Commodity Pool ETFs (the "Shares") that may hold or invest directly or indirectly in commodity futures products, including but not limited to, commodity futures contracts, options on commodity futures contracts, swaps, and forward contracts. As part of this revision to Commentary .06 to Rule 1009, the Exchange proposes to add subsection (c) requiring for Commodity Pool ETFs that a comprehensive surveillance sharing agreement be in place with the marketplace or marketplaces with last sale reporting that represent(s) the highest volume in such commodity futures contracts and/or options on commodity futures contracts on the specified commodities or non-U.S. currency, which are utilized by the national securities exchange where the underlying Commodity Pool ETFs are listed and traded.

As set forth in proposed amended Commentary .06 to Rule 1009, Commodity Pool ETFs must be traded on a national securities exchange or through the facilities of a national securities association and must be reported as a national market security. In
addition, shares of Commodity Pool ETFs must meet either: (i) the criteria and guidelines under Commentary .01 to Rule 1009; or (ii) be available for creation or redemption each business day in cash or in kind from the commodity pool, trust, or similar entity at a price related to net asset value. In addition, the commodity pool, trust or other similar entity shall provide that shares may be created even though some or all of the securities needed to be deposited have not been received by the commodity pool, trust or other similar entity, provided the authorized creation participant has undertaken to deliver the shares as soon as possible and such undertaking has been secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the commodity pool, trust, or other similar entity which underlies the option as described in the prospectus.

New Commentary .08 to Rule 1010 defines “Partnership Units.” The definition tracks the definition that recently has been proposed by the Chicago Board Options Exchange ("CBOE") in its proposal to list and trade Commodity Pool ETFs, and approved by the Commission. The proposed definition of “Partnership Units” includes a broad universe of securities, including those of entities that invest in physical commodities. However, the current filing proposes to list and trade options only on Commodity Pool ETFs that invest in a combination of commodity derivative products, and not in physical commodities.

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7 See SR-CBOE-2007-21, Amendment No. 1. CBOE explained in the proposed rule change that the American Stock Exchange ("Amex") has filed a proposed rule change seeking to add “Commodity Pool ETFs” to the types of securities on which it lists equity options, and that in Section 1(a) of Amex’s filing, the term “Commodity Pool ETFs” is defined to include, but is not limited to, Trust Issued Receipts, Partnership Units and other entities. See Securities Exchange Act Release No. 55187 (January 29, 2007), 72 FR 5467 (February 6, 2007) (Notice of Filing of Proposed Rule Change Relating to Options Based on Commodity Pool ETFs). CBOE noted that it did not have a definition of Partnership Units and was proposing to add one, as Phlx is doing now. CBOE’s proposal was approved in Securities Exchange Act Release No. 55630 (April 16, 2007).
Under the applicable continued listing criteria in Commentary .08 to Phlx Rule 1010, the Shares may be subject to delisting as follows: (1) following the initial twelve-month period beginning upon the commencement of trading of the Shares, there are fewer than 50 record and/or beneficial holders of the Shares for 30 or more consecutive trading days; (2) the value of the index, non-U.S. currency, portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities, or portfolio of securities on which the Shares are based is no longer calculated or available; or (3) such other event occurs or condition exists that in the opinion of the Exchange makes further dealing on the Exchange inadvisable. Additionally, the Shares shall not be deemed to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Shares, if the Shares are halted from trading on their primary market, or if the Shares are delisted in accordance with the terms of Phlx Rule 1010, or the value of the index or portfolio on which the Shares are based is no longer calculated or available.

The Exchange further proposes to amend Phlx Rule 1022 to ensure that the specialist and Registered Options Traders handling the Shares provide the Exchange with all necessary information relating to their trading in the applicable physical commodities, physical commodity options, commodity futures contracts, options on commodity futures contracts, any other derivatives based on such commodity. In addition, the revision to Phlx Rule 1022 will prohibit a specialist or Registered Options Trader from engaging in trading activities in physical commodities, physical commodity options, commodity
futures contracts, options on commodity futures contracts, any other derivatives based on such commodity from trading in an account which has not been reported to the Exchange.

The Exchange represents that it has an adequate surveillance program in place for options based on Commodity Pool ETFs. The Exchange may obtain trading information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members or affiliates of the ISG and expects that it will enter into numerous comprehensive surveillance sharing agreements with various commodity futures exchanges worldwide. Prior to listing and trading options on Commodity Pool ETFs, the Exchange represents that it will either have the ability to obtain specific trading information via ISG or through a comprehensive surveillance sharing agreement with the primary exchange or exchanges where the particular commodity futures and/or options on commodity futures are traded.

The addition of Commodity Pool ETF options will not have any effect on the rules pertaining to position and exercise limits\(^8\) or margin.\(^9\)

2. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^10\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^11\) in particular, in that it is designed to promote just and equitable principles of trade, to remove

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\(^8\) See Phlx Rules 1001 and 1002.

\(^9\) See Phlx Rule 722.


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.

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

The Exchange 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.

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.

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

The Exchange requests accelerated effectiveness of the proposed rule change pursuant to Rule 19(b)(2) of the Act, as the proposed rule change is substantially similar in all material respects to a proposal of the Amex, SR-Amex-2006-110, which the Commission has approved, to enable listing and trading of options on interests in Commodity Pool ETFs that trade directly or indirectly commodity futures products.\(^\text{12}\)

The Amex proposal was recently noticed for public comment and received no comment letters. As a result, Phlx believes that a comment period for its proposal is not necessary.

Because the Exchange is seeking to amend its rule to enable the listing and trading of the exact same types of options proposed in Amex’s noticed and approved rule change filing (*i.e.*, Commodity Pool ETFs), the Exchange respectfully requests that the

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Commission find good cause to approve the proposed rule change on an accelerated basis. Doing so will encourage fair competition among the exchanges, by allowing the Phlx to effectively compete with Amex and the other options exchanges which have received Commission approval to trade this product.

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](http://www.sec.gov/rules/sro.shtml)); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2007-35 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2007-35. 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](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 inspection and copying in the Commission’s Public Reference Room. Copies of the filing also will be available for inspection and copying at the principal office of 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 SR-Phlx-2007-35 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.\(^\text{13}\)

\textit{Nancy M. Morris}
\textit{Secretary}

\(^{13}\) 17 CFR 200.30-3(a)(12).
Exhibit 5

Rule 1009.
Criteria for Underlying Securities

(a) – (c) No Change.

Commentary: ...

.01 - .05 No Change.

.06 Securities deemed appropriate for options trading shall include share or other securities ("Exchange-Traded Fund Shares") including but not limited to Partnership Units as defined in Commentary .08 to Rule 1009, that are principally traded on a national securities exchange or through the facilities of a national securities association and reported as a national market security, and that (i) represent an interest in a registered investment company organized as an open-end management investment company, a unit investment trust or a similar entity which holds securities constituting or otherwise based on or representing an investment in an index or portfolio of securities, or (ii) represent commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or non-U.S. currency ("Commodity Pool ETFs") provided:

(a)

(i) the Exchange-Traded Fund Shares meet the criteria and guidelines for underlying securities set forth in Commentary .01 to this Rule 1009; or (ii) The Exchange-Traded Fund Shares must be available for creation or redemption each business day in cash or in kind from the investment company, commodity pool or other entity at a price related to the net asset value. In addition, the investment company, commodity pool or other entity shall provide that fund shares may be created even though some or all of the securities needed to be deposited have not been received by the unit investment trust or the management investment company, provided the authorized creation participant has undertaken to deliver the shares as soon as possible and such undertaking has been secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the fund which underlies the option as described in the fund or unit trust prospectus; and
(b)

(i) any non-U.S. component stocks in the index or portfolio on which the Fund Shares are based that are not subject to comprehensive surveillance agreements do not in the aggregate represent more than 50% of the weight of the index or portfolio;

(ii) stocks for which the primary market is in any one country that is not subject to a comprehensive surveillance agreement do not represent 20% or more of the weight of the index; and

(iii) stocks for which the primary market is in any two countries that are not subject to comprehensive surveillance agreements do not represent 33% or more of the weight of the index.

(iv) For Commodity Pool ETFs that engage in holding and/or managing portfolios or baskets commodity futures contracts, options on commodity futures contracts, swaps, forward contracts, options on physical commodities, options on non-U.S. currency and/or securities, the Exchange has entered into a comprehensive surveillance sharing agreement with the marketplace or marketplaces with last sale reporting that represent(s) the highest volume in such commodity futures contracts and/or options on commodity futures contracts on the specified commodities or non-U.S. currency, which are utilized by the national securities exchange where the underlying Commodity Pool ETFs are listed and traded.

.07 No Change.

.08 The term “Partnership Units” means a security (a) that is issued by a partnership that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities (as defined inSection 1(a)(4) of the Commodity Exchange Act) and/or securities; and (b) that is issued and redeemed daily in specified aggregate amounts at net asset value.

Rule 1010.
Withdrawal Of Approval Of Underlying Securities

No Change.
.01 - .07 No Change.

.08 Absent exceptional circumstances, securities initially approved for options trading pursuant to Commentary .06 under Rule 1009 (such securities are defined and referred to in that Commentary as "Exchange-Traded Fund Shares") shall not be deemed to meet the Exchange's requirements for continued approval, and the exchange shall not open for trading any additional series of option contracts of the class covering such Exchange-Traded Fund Shares, whenever the Exchange-Traded Fund Shares are delisted and trading in the Shares is suspended on a national securities exchange, or the Exchange-Traded Fund Shares are no longer traded as national market securities through the facilities of a national securities association. In addition, the exchange shall consider the suspension of opening transactions in any series of options of the class covering Exchange-Traded Fund Shares in any of the following circumstances:

1. In accordance with the terms of paragraphs 1, through 7, of Commentary .01 of this Rule 1010 in the case of options covering Exchange-Traded Fund Shares when such options were approved pursuant to paragraph (a)(i) of Commentary .06 of Rule 1009.

2. Following the initial twelve-month period beginning upon the commencement of trading of the Exchange-Traded Fund Shares on a national securities exchange or as national market securities through the facilities of a national market association there are fewer than 50 record and/or beneficial holders of Exchange-Traded Fund Shares for 30 or more consecutive trading days;

3. The value of the index, non-U.S. currency, portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities, or portfolio of securities on which the Exchange-Traded Fund Shares are based is no longer calculated or available; or

4. Such other event shall occur or condition exist that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

.09 - .10 No Change.

**Rule 1022.**

**Securities Accounts and Orders of Specialists and Registered Options Traders**

(a) Identification of Accounts --In a manner prescribed by the Exchange, each Specialist and Registered Options Trader shall file with the Exchange and keep current a list identifying all accounts for stock, Exchange-Traded Fund Share, option and related securities or foreign currencies, physical commodities, physical commodity options,
commodity futures contracts, options on commodity futures contracts, any other
derivatives based on such commodity and other related trading in which the Specialist or
Registered Options Trader may, directly or indirectly, engage in trading activities or over
which he exercises investment discretion. No Specialist or Registered Options Trader
shall engage in stock, Exchange-Traded Fund Share, option, or related securities or
foreign currencies, physical commodities, physical commodity options, commodity
futures contracts, options on commodity futures contracts, any other derivatives based on
such commodity and other related trading in an account which has not been reported
pursuant to this Rule.

(b) – (d) No Change.

* * * Commentary: ...

.01 Reports of accounts and orders required to be filed with the Exchange pursuant to this
Rule relate only to accounts in which a Specialist or Registered Options Trader, as an
individual, directly or indirectly, controls trading activities or has a direct interest in the
profits or losses of such accounts. Reports are required for accounts over which a
Specialist or Registered Options Trader exercises investment discretion as well as his
proprietary accounts. For purposes of this Rule, related securities include securities
convertible into or exchangeable for underlying securities. In the case of Specialists and
Registered Options Traders in options on a foreign currency, the provisions of this Rule
governing identification of accounts shall apply to accounts for the trading of foreign
currencies, foreign currency futures contracts and foreign currency options (including
options on foreign currency futures contracts).

.02 In addition to the existing obligations under Exchange rules regarding the production
of books and records, a specialist or Registered Options Trader in commodity futures
contracts, options on commodity futures contracts or any other derivatives based on such
commodity, shall make available to the Exchange such books, records or other
information pertaining to transactions in the applicable physical commodity, physical
commodity options, commodity futures contracts, options on commodity futures
contracts, or any other derivatives on such commodity, as may be requested by the
Exchange.