SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–63104; File No. SR–ISE–2010–91]

Self-Regulatory Organizations; International Securities Exchange, LLC; Order Approving Proposed Rule Change To Adopt a Pilot Program To List Additional Expiration Months for Each Class of Options Opened for Trading on the Exchange

October 14, 2010.

I. Introduction

On August 25, 2010, the International Securities Exchange, LLC (the "Exchange" or "ISE") filed with the Securities and Exchange 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 adopt a pilot program to list additional expiration months for each class of options opened for trading on the Exchange. The proposed rule change was published for comment in the **Federal Register** on September 2, 2010.[3] The Commission received no comments on the proposal. This order approves the proposal.

II. Description of the Proposal

Pursuant to ISE Rule 504(e), the Exchange currently opens series with four expiration months for each class of options open for trading on the Exchange: The first two being the two nearest months, regardless of the quarterly cycle on which that class trades; the third and fourth being the next two months of the quarterly cycle previously designated by the Exchange for that specific class.

The Exchange believes that there is market demand for series with a greater number of expiration months. The Exchange therefore proposes to adopt a pilot program pursuant to which it will list series with up to an additional two expiration months, for a total of six expiration months for each class of options open for trading on the Exchange. The proposal will become effective on a pilot basis for twelve months commencing on the next full month after approval is received to establish the pilot program. Under the proposal, series with the additional months listed pursuant to the pilot program will result in four consecutive expiration months plus two months from the quarterly cycle. The Exchange seeks to limit the pilot to the 20 most actively traded options classes.

III. Discussion

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.[4] Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,[5] in that the proposal has been designed to promote just and equitable principles of trade, and to protect investors and the public interest.

The Commission believes that allowing the Exchange to list and trade series with up to two additional expiration months, under the terms described in the Exchange's proposal, should provide investors with additional means of managing their risk exposures and carrying out their investment objectives. The Commission notes that the pilot program limits the series that may be opened pursuant to the pilot program to the 20 most actively traded options classes. The Commission believes this restriction should allow the Exchange to offer a wider array of investment opportunities, while minimizing the impact on quotation message traffic. The Commission also notes that the proposal requires the Exchange to closely monitor the trading and quotation volume associated with the additional options series created under the pilot program and the effect of these additional series on the capacity of the Exchange's, OPRA's, and vendors' systems.[6]

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[7] that the proposed rule change (SR–ISE–2010–91) is approved.

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

Florence E. Harmon,

Deputy Secretary.

[FR Doc. 2010–26339 Filed 10–19–10; 8:45 am]

BILLING CODE 8011–01–P

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 62772 (August 26, 2010), 75 FR 53991 ("Notice").

[4] The Commission has considered the proposed rule change's impact on efficiency, competition and capital formation. *See* 15 U.S.C. 78c(f).

[5] 15 U.S.C. 78f(b)(5).

[6] If the Exchange were to propose an extension, expansion, or permanent approval of the pilot program, the Exchange would be required to submit a report on the pilot program to the Commission at least 60 days prior to the pilot program expiration date. *See* Notice, *supra* note 3, at 53991–92.

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

[8] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–63108; File No. S7–29–10]

Study Required by Section 989G(b) of the Dodd-Frank Act Regarding Compliance With Section 404(b) of the Sarbanes-Oxley Act

AGENCY: Securities and Exchange Commission.

ACTION: Request for comment.

SUMMARY: The Securities and Exchange Commission is requesting public comment related to a study of how the Commission could reduce the burden of complying with Section 404(b) of the Sarbanes-Oxley Act of 2002 for companies whose public float is between $75 million and $250 million, while maintaining investor protections for such companies, and whether any methods of reducing the compliance burden or a complete exemption for such companies from the auditor attestation requirement in Section 404(b) would encourage companies to list on exchanges in the United States in their initial public offerings. This study is required by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

DATES: Comments should be received on or before December 6, 2010.

ADDRESSES: 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 S7–29–10 on the subject line.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, U.S. Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–1090.

All submissions should refer to File Number S7–29–10. To help us 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*). Comments are also available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. All comments received will be posted without change; we do not edit personal identifying

information from submissions. You should submit only information that you wish to make available publicly.

FOR FURTHER INFORMATION CONTACT: John Offenbacher, Senior Associate Chief Accountant, or Jason Plourde, Professional Accounting Fellow, Office of the Chief Accountant, at (202) 551–5300, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549.

Discussion

Under Section 989G(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act),[1] the Commission is required to conduct a study to determine how the Commission could reduce the burden of complying with Section 404(b) of the Sarbanes-Oxley Act of 2002 (Section 404(b)) [2] for companies whose market capitalization is between $75 million and $250 million, while maintaining investor protections for such companies. Section 989G(b) of the Dodd-Frank Act also provides that the study must consider whether any methods of reducing the compliance burden or a complete exemption for such companies from Section 404(b) compliance would encourage companies to list on exchanges in the United States in their initial public offerings.

The Dodd-Frank Act does not define "market capitalization" and it is not defined in Commission rules. For purposes of the study, we believe that public float is an appropriate measure of market capitalization. Public float, which is the aggregate worldwide market value of an issuer's voting and non-voting common equity held by its non-affiliates, is the measure used in Commission rules for determining "accelerated filer" and "large accelerated filer" status.[3] The Commission has used public float historically in its actions to phase issuers into Section 404 compliance,[4] and Section 404(c) of the Sarbanes-Oxley Act of 2002, as amended by Section 989G(a) of the Dodd-Frank Act, provides that Section 404(b) shall not apply with respect to issuers that are neither an "accelerated filer" nor a "large accelerated filer" pursuant to Commission rules, which are generally issuers with a public float below $75 million. We therefore believe it would be consistent to use public float between $75 million and $250 million to describe the group of issuers that are the subject of the study. For the remainder of the release, we generally will refer to issuers with a public float between $75 million and $250 million as the "subject issuers."

In addition, Section 404(b) only addresses the auditor attestation requirement with respect to a company's internal control over financial reporting. The required study will not evaluate the compliance burden of Section 404(a) of the Sarbanes-Oxley Act of 2002, which addresses management's responsibility for reporting on the effectiveness of internal control over financial reporting.

The Commission is required to submit a report of this study to Congress no later than nine months after the date of enactment of the Dodd-Frank Act. All interested parties are invited to submit their views, in writing, on any of the following topics in which they are interested:

(1) Quantitative and qualitative information about the trends of internal and external costs of having an external auditor attest to management's assessment under Section 404(b) for issuers with a public float between $75 million and $250 million from the first year of required compliance to the present;

(2) Current cost of auditor attestation under Section 404(b) in relation to overall cost of compliance with all of Section 404 (*i.e.* including management's assessment required by Section 404(a)) and changes to this relative cost over time;

(3) Characteristics of internal controls, management's evaluation process and corporate governance of subject issuers that distinguish them from other issuers;

(4) Unique audit planning and performance characteristics, if any, associated with subject issuers;

(5) Incremental effort for preparers and auditors to comply with the auditor attestation requirement of Section 404(b) for an integrated audit beyond the efforts that would already be incurred to comply with the requirements for a financial statement only audit, including the requirement to evaluate internal controls in connection with such an audit, for subject issuers;

(6) Whether and how initiatives of the Commission, such as the Commission Guidance Regarding Management's Report on Internal Control Over Financial Reporting Under Section 13(a) or 15(d) of the Securities Exchange Act of 1934,[5] have reduced the burden of complying with Section 404(b) for subject issuers;

(7) Whether and how any aspects of Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 5,[6] such as its focus on risk and materiality, scalability, tailoring of testing to risk, and extent of permitted use of the work of others, have reduced costs of compliance with Section 404(b) versus PCAOB Auditing Standard No. 2 for subject issuers;

(8) Whether and how other initiatives of the PCAOB, such as its staff guidance for auditors of smaller public companies,[7] have reduced the burden of complying with Section 404(b) for subject issuers;

(9) Whether and how initiatives of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), such as the June 2006 guidance for smaller public companies on internal control over financial reporting,[8] and the January 2009 Guidance on Monitoring Internal Control Systems,[9] have reduced the burden of complying with Section 404(b) for subject issuers;

(10) Whether and how initiatives of any other organization have reduced the burden of complying with Section 404(b) for subject issuers;

(11) The possibility that guidance or rules issued by the Commission, PCAOB or others could further reduce the burden of complying with the auditor attestation requirement of Section 404(b), while maintaining investor protection, for subject issuers, and any specific recommendations concerning any such guidance or rules;

(12) The impact on investor protection, investor confidence, and the cost of capital arising from the establishment and ongoing compliance with Section 404(b) by subject issuers, including in the context of initial public offerings;

(13) The degree to which investor protection, investor confidence, and the cost of capital would increase or decrease, if any, as a function of each specific recommendation by which the Commission, the PCAOB, or others might reduce the burden of complying

[1] Public Law 111–203 (July 21, 2010).

[2] 15 U.S.C. 7201 *et seq.*

[3] *See* Exchange Act Rule 12b–2 [17 CFR 240.12b–2].

[4] *See, e.g.,* Release No. 33–9072 (Oct. 13, 2009) [74 FR 53628]; and Release 33–8934 (June 26, 2008) [73 FR 38094].

[5] *See* Release No. 33–8810 (June 20, 2007) [72 FR 35324].

[6] *See* Order Approving Proposed Auditing Standard No. 5, An Audit of Internal Control Over Financial Reporting that is Integrated with an Audit of Financial Statements, a Related Independence Rule, and Conforming Amendments, Release No. 34–56152 (July 27, 2007) [72 FR 42141].

[7] *See* "Staff Views—An Audit of Internal Control that is Integrated with an Audit of the Financial Statements: Guidance for Auditors of Smaller Public Companies" (Jan. 23, 2009), *available at http://www.pcaobus.org.*

[8] For further information, *see http://www.coso.org/ICFR-GuidanceforSPCs.htm.*

[9] For further information, *see http://www.coso.org/GuidanceonMonitoring.htm.*

with Section 404(b) for subject issuers, while maintaining investor protection;

(14) The impact of costs of complying with the auditor attestation requirement of Section 404(b) on company decisions to list on exchanges in the United States versus foreign exchanges in initial public offerings for subject issuers after the offering;

(15) The impact of costs of complying with Section 404(b) on company and investor decisions to engage in initial public offerings versus other financing alternatives for issuers whose public float is expected to be between $75 million and $250 million after the offering;

(16) Potential effect on the number of companies listing initial public offerings in the United States of a complete exemption from the internal control audit requirements for subject issuers, and the potential effect on listings for each specific recommendation for reducing the compliance burden of such requirements on subject issuers;

(17) Any qualitative differences between subject issuers that might list securities on a U.S. exchange in connection with their initial public offerings if the existing internal control audit requirement of Section 404(b) remains in effect and subject issuers that might list securities on a U.S. exchange in connection with their initial public offerings if subject issuers are completely exempt from the internal control audit requirements of Section 404(b), and any such qualitative differences that may arise from each specific recommendation for reducing the compliance burden of such requirements on subject issuers;

(18) The potential effect of a complete exemption from Section 404(b) for subject issuers on matters such as: Raising capital; engaging in mergers, acquisitions and similar corporate transactions; and attracting and retaining qualified independent directors;

(19) Whether and how the use of the auditor's attestation report on internal control over financial reporting for subject issuers differs from the use of the auditor's attestation report on internal control over financial reporting for issuers whose public float is greater than $250 million and the reason(s) for those differences;

(20) Quantitative and qualitative information about whether and how compliance with Section 404(b) has benefited investors and other users of financial statements of subject issuers;

(21) Whether and to what extent auditor attestation reports on internal control over financial reporting enhances confidence in management's assessment of the effectiveness of its internal control over financial reporting, improves the reliability of financial reporting and improves the prevention and detection of fraud and other misconduct for subject issuers;

(22) Any additional information for the Commission to consider to describe the study population and how the Commission could reduce the burden of complying with Section 404(b) on that population; and

(23) Any other information commenters would like the Commission to consider in regards to the study.

Dated: October 14, 2010.

By the Commission.

Elizabeth M. Murphy,

Secretary.

[FR Doc. 2010–26349 Filed 10–19–10; 8:45 am]

BILLING CODE 8011–01–P

DEPARTMENT OF STATE

[Public Notice: 7212]

60-Day Notice of Proposed Information Collection: Form DS–3097, Exchange Visitor Program Annual Report, and OMB Control Number 1405–0151

ACTION: Notice of request for public comments.

SUMMARY: The Department of State is seeking Office of Management and Budget (OMB) approval for the information collection described below. The purpose of this notice is to allow 60 days for public comment in the **Federal Register** preceding submission to OMB. We are conducting this process in accordance with the Paperwork Reduction Act of 1995.

- *Title of Information Collection:* Exchange Visitor Program Annual Report.
- *OMB Control Number:* 1405–0151.
- *Type of Request:* Extension of a Currently Approved Collection.
- *Originating Office:* Bureau of Educational and Cultural Affairs, Office of Private Sector Exchange, ECA/EC.
- *Form Number:* Form DS–3097.
- *Respondents:* Designated J–1 program sponsors.
- *Estimated Number of Respondents:* 1,460.
- *Estimated Number of Responses:* 1,460 annually.
- *Average Hours per Response:* 2 hours.
- *Total Estimated Burden:* 2,920 hours.
- *Frequency:* Annually.
- *Obligation To Respond:* Mandatory.

DATES: The Department will accept comments from the public up to 60 days from October 20, 2010.

ADDRESSES: You may submit comments by any of the following methods:

- Persons with access to the Internet may also view this notice and provide comments by going to the regulations.gov Web site at: *http://www.regulations.gov/index.cfm.*
- *E-mail: JExchanges@State.gov.*
- *Mail (paper, disk, or CD–ROM submissions):* U.S. Department of State, ECA/EC/D, SA–5, Floor 5, 2200 C Street, NW., Washington, DC 20522–0505, ATTN: **Federal Register** Notice Response.

You must include the DS form number (if applicable), information collection title, and OMB control number in any correspondence.

FOR FURTHER INFORMATION CONTACT: Direct requests for additional information regarding the collection listed in this notice, including requests for copies of the proposed information collection and supporting documents, to Stanley S. Colvin, Deputy Assistant Secretary for Private Sector Exchange, ECA/EC/D, SA–5, Floor 5, Department of State, 2200 C Street, NW., Washington, DC 20522–0505, who may be reached on 202–632–2805 or at *JExchanges@state.gov.*

SUPPLEMENTARY INFORMATION: We are soliciting public comments to permit the Department to:

- Evaluate whether the proposed information collection is necessary for the proper performance of our functions.
- Evaluate the accuracy of our estimate of the burden of the proposed collection, including the validity of the methodology and assumptions used.
- Enhance the quality, utility, and clarity of the information to be collected.
- Minimize the reporting burden on those who are to respond, including the use of automated collection techniques or other forms of technology.

Abstract of Proposed Collection

Annual reports from designated program sponsors assist the Department in oversight and administration of the J–1 visa program. The reports provide statistical data on the number of exchange participants an organization sponsored per category of exchange. The reports also provide a summary of the activities in which exchange visitors were engaged and an evaluation of program effectiveness. Program sponsors include government agencies, academic institutions, and private sector not-for-profit and for-profit entities.

Methodology

Annual reports are completed through the Student and Exchange Visitor