

LEO special base rates, as adjusted by the applicable locality payment.”

(2) Page 67452: Section III.D.5.—In the first sentence, insert “LEO special base rate,” after “GS rate.”

(3) Page 67452: Section III.D.6. In the second sentence, insert “GS base” after “maximum” and “or LEO special base rates” before “of each band”. In the third sentence, insert “under 5 U.S.C. 5305” after “special rates”.

(4) Page 67452: Section III.D.7. Replace “special salary rate” with “special rate” throughout paragraph 7. In the first sentence, insert “under 5 U.S.C. 5305” before “will be used”. In the second sentence, replace “5 CFR 530.303” with “5 CFR 530.304”.

(5) Page 67453: Section III.D.13. In the second sentence, insert “GS base rate, LEO special base rate,” before “locality rate” in the parenthetical.

(6) Page 67453: Section III.D. 14. In the second sentence, insert “GS base rate, LEO special base rate,” before “locality rate” in the parenthetical.

(7) Page 67455: Section IV.A.1. In the first sentence, insert “or LEO special base schedule” after “GS base schedule” in the parenthetical.

(8) Page 67455: Section IV.B.2. In the first sentence, insert “or LEO special base schedule” after “GS base schedule” in the parenthetical.

(9) Page 67455: Section IV.B.3. In the third sentence, insert “or LEO special base rate” after “GS base rate”. Delete the last parenthetical.

(10) Page 67455—67456: Section IV.B.5. Delete all text in paragraph 5. after the first sentence.

(11) Page 67456: Section IV.B.6. In the second sentence, replace “GS rate” with “GS rates” and delete “of basic pay (or converted special rate, if applicable)”.

(12) Page 67456: Section IV.C. Replace last sentence with “(See 5 CFR 531.407(b) for additional information on equivalent increase determinations.)”

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54338; File No. SR–CBOE–2006–49]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving a Proposed Rule Change and Amendment No. 1 Thereto To Allow Listing of Up to Seven Short-Term Options Series per Class

August 21, 2006.

On June 27, 2006, the Chicago Board Options Exchange, Incorporated

(“CBOE” or “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 modify its short-term option series pilot program (“Pilot Program”) ³ to change the number of short-term series that may be listed in an options class from five to seven. The Exchange filed Amendment No. 1 with the Commission on July 11, 2006. ⁴ The amended proposal was published for comment in the **Federal Register** on July 19, 2006. ⁵ No comments were received. This order approves the proposed rule change, as amended.

The Pilot Program currently provides that the Exchange may open up to five short-term series for each expiration date in an approved class. CBOE has proposed to increase the maximum to seven. The Exchange has stated it would list approximately the same number of series with strike prices above and below the price of the underlying security or value of the index at about the time the series is opened. CBOE also proposed that, if the Exchange has opened less than seven series in a particular options class for a given expiration date, it could open additional series in that class if the Exchange deems it necessary to maintain an orderly market or meet customer demand, or when the current value of the underlying index moves substantially from the exercise price or prices of the series already opened.

After careful review, the Commission finds that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. ⁶ In particular, the Commission believes that the proposal is consistent with the requirements of section 6(b)(5) of the Act, ⁷ which requires, among other things, that the rules of a national securities exchange

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ See Securities Exchange Act Release No. 52011 (July 12, 2005), 70 FR 41451 (July 19, 2005) (SR–CBOE–2004–63) (approving short-term option series on a pilot basis through July 12, 2006). The Pilot Program has since been extended through July 12, 2007. See Securities Exchange Act Release No. 53984 (June 14, 2006), 71 FR 35718 (June 21, 2006) (SR–CBOE–2006–48).

⁴ In Amendment No. 1, a partial amendment, the Exchange corrected a typographical error in the proposed rule text.

⁵ See Securities Exchange Act Release No. 54133 (July 12, 2006), 71 FR 41062.

⁶ 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).

⁷ 15 U.S.C. 78f(b)(5).

be designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. The proposal is a reasonable expansion of a Pilot Program that offers the market potentially useful products while not appearing to raise any concerns about quote capacity. ⁸

It is therefore ordered, pursuant to section 19(b)(2) of the Act, ⁹ that the proposed rule change (File No. SR–CBOE–2006–49), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority. ¹⁰

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54336; File No. SR–CBOE–2006–69]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Extension of a Pilot Program That Increases the Standard Position and Exercise Limits for Certain Options Traded on the Exchange

August 18, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b–4 thereunder, ² notice is hereby given that on August 9, 2006, the Chicago Board Options Exchange, Incorporated (“CBOE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the CBOE. The Exchange has filed the proposal as a “non-controversial” rule change pursuant to Section

⁸ The Exchange, should it wish to propose an extension, expansion, or permanent approval of the Pilot Program, must submit a report on the Pilot Program to the Commission. See Securities Exchange Act Release No. 51172 (February 9, 2005), 70 FR 7979 (February 16, 2005). The Commission notes that the Exchange submitted a report on June 13, 2006, in connection with its filing to extend the Pilot Program through July 12, 2007. See Securities Exchange Act Release No. 53684 (June 14, 2006), 71 FR 35718 (June 21, 2006).

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.