

**SECURITIES AND EXCHANGE  
COMMISSION**
**Sunshine Act Meeting**

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of October 2, 2006:

A Closed Meeting will be held on Thursday, October 5, 2006 at 2:30 p.m.

Commissioners, Counsels to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4), (5), (7), (8), (9)(B) and (10) and 17 CFR 200.402(a) (4), (5), (7), (8), (9)(ii), and (10) permit consideration of the scheduled matters at the Closed Meeting.

Commissioner Casey, as duty officer, voted to consider the items listed for the closed meeting in closed session, and determined that no earlier notice thereof was possible.

The subject matters of the Closed Meeting scheduled for Thursday, October 5, 2006 will be:

- Formal orders of investigation;
- Institution and settlement of injunctive actions;
- Institution and settlement of administrative proceedings of an enforcement nature;
- Adjudicatory matters;
- Regulatory matters regarding financial institutions; and
- Resolution of litigation matters.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 551-5400.

Dated: September 29, 2006.

**Nancy M. Morris,**  
Secretary.

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**SECURITIES AND EXCHANGE  
COMMISSION**

[Release No. 34-54509; File No. SR-Amex-2006-70]

**Self-Regulatory Organizations;  
American Stock Exchange LLC; Order  
Approving Proposed Rule Change and  
Amendment No. 1 Thereto To Apply  
Certain Provisions of Its Minor Rule  
Violation Plan to Registered Options  
Traders, Supplemental Registered  
Options Traders, and Remote  
Registered Options Traders**

September 26, 2006.

On July 31, 2006, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Amex Rule 590, which applies certain provisions the Exchange's Minor Rule Violation Plan to Registered Options Traders ("ROTs"), Supplemental Registered Options Traders ("SROTs"), and Remote Registered Options Traders ("RROTs").<sup>3</sup> These provisions relate to quoting obligations and restrictions on quoting outside of assigned classes. On August 14, 2006, the Exchange filed Amendment No. 1 to the proposed rule change. The proposed rule change, as amended, was published for comment in the **Federal Register** on August 21, 2006.<sup>4</sup> The Commission received no comments regarding the proposal.

The Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>5</sup> In particular, the Commission believes that the proposal is consistent with section 6(b)(5) of the Act<sup>6</sup> because a proposed rule change that is reasonably designed to promote compliance by ROTs, SROTs, and RROTs with applicable quoting obligations and restrictions should help protect investors and the public interest.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Amex recently created these new classes of market participants. See Securities Exchange Act Release Nos. 53635 (April 12, 2006), 71 FR 20144 (April 19, 2006) (creating the SROT class) and 53652 (April 13, 2006), 71 FR 20422 (April 20, 2006) (creating the RROT class).

<sup>4</sup> See Securities Exchange Act Release No. 54317 (August 15, 2006), 71 FR 48566.

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).

The Commission further believes that handling violations of these quoting rules pursuant to Amex's Minor Rule Violation Plan is consistent with sections 6(b)(1) and 6(b)(6) of the Act,<sup>7</sup> which require that the rules of an exchange enforce compliance with, and provide appropriate discipline for, violations of Commission and Exchange rules. In addition, because existing Amex Rule 590 provides procedural rights to a person fined for any violation of an Exchange rule that is determined to be minor in nature to contest the fine and permits disciplinary proceedings on the matter, the Commission believes Amex Rule 590, as amended by this proposal, provides a fair procedure for the disciplining of members and persons associated with members, consistent with sections 6(b)(7) and 6(d)(1) of the Act.<sup>8</sup>

Finally, the Commission finds that the proposal is consistent with the public interest, the protection of investors, or otherwise in furtherance of the purposes of the Act, as required by Rule 19d-1(c)(2) under the Act<sup>9</sup> which governs minor rule violation plans. The Commission believes that the proposed change to Amex Rule 590 will strengthen the Exchange's ability to carry out its oversight and enforcement responsibilities as a self-regulatory organization in cases where full disciplinary proceedings are unsuitable in view of the minor nature of the particular violation.

In approving this proposed rule change, the Commission in no way minimizes the importance of compliance with Amex rules and all other rules subject to the imposition of fines under the minor rule violation plan of the Exchange. The Commission believes that the violation of any self-regulatory organization's rules, as well as Commission rules, is a serious matter. However, the Exchange's minor rule violation plan under Amex Rule 590 provides a reasonable means of addressing rule violations that do not rise to the level of requiring formal disciplinary proceedings, while providing greater flexibility in handling certain violations. The Commission expects that Amex will continue to conduct surveillance with due diligence and make a determination based on its findings, on a case-by-case basis, whether a fine of more or less than the recommended amount is appropriate for a violation under the minor rule violation plan or whether a violation requires formal disciplinary action.

<sup>7</sup> 15 U.S.C. 78f(b)(1) and 78f(b)(6).

<sup>8</sup> 15 U.S.C. 78f(b)(7) and 78f(d)(1).

<sup>9</sup> 17 CFR 240.19d-1(c)(2).

under Amex's Rules of Procedure in Disciplinary Matters.

It is therefore ordered, pursuant to section 19(b)(2) of the Act<sup>10</sup> and Rule 19d-1(c)(2) under the Act,<sup>11</sup> that the proposed rule change (SR-Amex-2006-70), as amended, be, and hereby is, approved and declared effective.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

Nancy M. Morris,  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54522; File No. SR-CHX-2006-26]

### Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change, and Amendment No. 1 Thereto, Prohibiting a Participant Firm From Earning Credits When Its Exchange Bill Is More Than 30 Days Past Due

September 27, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 22, 2006, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. On September 22, 2006, the Exchange filed Amendment No. 1.<sup>3</sup> The Exchange has designated this proposal as one establishing or changing a due, fee, or

other charge imposed by a self-regulatory organization pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>4</sup> and Rule 19b-4(f)(2) thereunder,<sup>5</sup> which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The CHX proposes to amend its Fee Schedule to provide that a CHX participant firm shall not be entitled to earn credits for any month when the participant firm's Exchange bill is more than 30 days past due. The text of the proposed rule change, as amended, is available on the Exchange's Web site at [http://www.chx.com/rules/proposed\\_rules.htm](http://www.chx.com/rules/proposed_rules.htm), at the Office of the Secretary of the Exchange, and at the Commission's Public Reference Room.

#### 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 Exchange 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 Exchange 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

Under the Exchange's Fee Schedule, the Exchange's participants, including its specialists and floor brokers, can qualify for credits that reduce the total monthly fees owed by these participants.<sup>6</sup> These credits include a specialist "transaction credit" based on monthly tape revenue in securities reported on Tape A and B of the Consolidated Tape Association and a floor broker "earned credit" based on

the transaction fees received as a result of floor broker executions.<sup>7</sup>

Through this proposed rule change, the Exchange amends the Fee Schedule to add a new provision—applicable to all credits—that prevents a participant firm from earning credits for any month when payment of the firm's Exchange bill (from one or more previous months) is more than 30 days past due.<sup>8</sup> The Exchange believes that this provision appropriately limits a participant's ability to receive credits from the Exchange when it has not paid an Exchange bill that has been due and owing for at least 30 days.

###### 2. Statutory Basis

The Exchange believes that its proposal to amend its schedule of fees is consistent with Section 6(b)(4) of the Act<sup>9</sup> provides for the equitable allocation of reasonable dues, fees and other charges among its members.

##### 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 that is 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 foregoing proposed rule change establishes or changes a due, fee, or other charge applicable only to a member pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>10</sup> and Rule 19b-4(f)(2) thereunder.<sup>11</sup> Accordingly, the proposal took effect upon filing with the Commission.

At any time within 60 days of the filing of the proposed rule change, as amended, the Commission may summarily abrogate such rule change if it appears to the Commission that such

<sup>7</sup> See Fee Schedule, Section M(1)(specialist credits) and Section M(2)(a)(floor broker earned credits).

<sup>8</sup> For example, a participant's February bill is distributed in early March (say, March 10) and due in early April (in this example, April 10). It would be 30 days past due on May 10. If a participant has not paid its February bill by May 10, the participant would not be eligible to receive credits for the month of May (and for any later months during which the bill remains unpaid).

<sup>9</sup> 15 U.S.C. 78f(b)(4).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>11</sup> 17 CFR 240.19b-4(f)(2).

<sup>10</sup> 15 U.S.C. 78s(b)(2).

<sup>11</sup> 17 CFR 240.19d-1(c)(2).

<sup>12</sup> 17 CFR 200.30-3(a)(12); 17 CFR 200.30-3(a)(44).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> In Amendment No. 1, the Exchange clarified the new language it proposes to add to its Schedule of Participant Fees and Credits ("Fee Schedule"). Originally, the Exchange proposed that the Fee Schedule be amended to provide that a CHX participant firm shall not be entitled to "receive" credits for any month when the participant firm's Exchange bill is more than 30 days past due. In Amendment No. 1, the Exchange made a clarifying change, instead amending the Fee Schedule to provide that a CHX participant firm shall not be entitled to "earn" credits for any month when the participant firm's Exchange bill is more than 30 days past due. For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change the Commission considers the period to commence on September 22, 2006, the date on which the CHX filed Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>5</sup> 17 CFR 240.19b-4(f)(2).

<sup>6</sup> The Exchange's Fee Schedule also includes a new credit for two-sided quote providers and a credit for dedicated odd-lot dealers.