

to The Nasdaq Global Market continued listing standards.³²

The Exchange also proposes to amend the preferred stock (and similar issues) and secondary classes of common stock continued listing standards.³³ The Exchange would eliminate the current net worth requirement and continuing operations requirements. In addition, the proposed new preferred continued listing standards would contain a new \$1 bid price requirement. The Commission notes that the proposed continued listing standards for preferred stock and similar issues and secondary classes of common stock are substantially similar to The Nasdaq Global Market continued listing standards.³⁴

C. Other Changes

The proposed rule change would permit the Exchange, rather than its board of directors, to approve securities for listing and to prescribe the form of listing applications.³⁵ In particular, the Exchange may deny listing or apply additional or more stringent criteria based on any event, condition, or circumstance that makes the listing of the company inadvisable or unwarranted in the opinion of the Exchange. Such determination could be made even if the company meets the standards set forth below. The Commission believes that it is reasonable for the Exchange, based upon its experience, to determine whether the security of a company would be appropriate for inclusion on NYSE Arca. The Commission notes that this amendment is similar to NYSE's listing standards.³⁶ Further, with respect to the continued listing standards of all securities, the Exchange proposes to require all issuers to comply with the Exchange's corporate governance qualitative standards, rather than only the independent directors/board committees requirement in current NYSE Arca Equities Rule 5.3(k).³⁷ The Commission believes that these amendments are consistent with the requirements of the Act.

D. Accelerated Approval

Pursuant to Section 19(b)(2) of the Act,³⁸ the Commission may not approve

any proposed rule change prior to the 30th day after the date of publication of notice of the filing thereof, unless the Commission finds good cause for so doing and publishes its reasons for so finding. The Exchange has requested the Commission find good cause for approving the proposed rule change prior to the 30th day after the date of publication of notice in the **Federal Register**.

The Commission believes that it is reasonable to grant accelerated approval to allow for the efficient administration of the Exchange's initial and continued listing programs as promptly as possible. The Commission notes that the proposed listing standards, while significantly different than the Exchange's current listing standards, are substantially similar to The Nasdaq Global Market, which the Commission previously approved. In addition, the Commission notes that the proposed listing standards would be in effect only as a pilot program for a six-month period.³⁹ Accordingly, the Commission believes that there is good cause, pursuant to Sections 6(b)(5) of the Act⁴⁰ and 19(b)(2) of the Act,⁴¹ to grant accelerated approval to the proposed rule change prior to the 30th day after the date of publication of notice in the **Federal Register**.

V. Conclusion

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with Section 6(b)(5) of the Act.⁴²

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁴³ that the proposed rule change (SR-NYSEArca-2006-85), is hereby approved on an accelerated basis, as a six-month pilot, until May 29, 2007.

³⁹In any request under Section 19(b) of the Act for permanent approval or an extension of the pilot period, the Exchange may wish to report on the operations of the new standards during the pilot period.

⁴⁰ 15 U.S.C. 78f(b)(5).

⁴¹ 15 U.S.C. 78s(b)(2).

⁴² 15 U.S.C. 78f(b)(5). The staff of the Division of Market Regulation ("Staff") would not recommend enforcement action to the Commission under Rules 15g-2 through 15g-9 under the Act if broker-dealers treat equity securities listed pursuant to the initial and continued listing requirements set forth in amended NYSE Arca Equities Rule 5 as meeting the exclusion from the definition of penny stock contained in Rule 3a51-1 under the Act pursuant to paragraph (a)(2) thereof. In taking this position, the Staff notes in particular that these amended listing requirements are equivalent, in all material respects, to the listing requirements of the The Nasdaq Global Market.

⁴³ 15 U.S.C. 78s(b)(2).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴⁴

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54793; File No. SR-OCC-2006-20]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change To Accelerate the Expiration Date of American-Style Equity Options That Have Been Adjusted To Call for Cash-Only Delivery

November 20, 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 October 26, 2006, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I, II, and III below, which items have been prepared primarily by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The purpose of the proposed rule change is to accelerate the expiration date of American-style equity options that have been adjusted to call for cash-only delivery to the earliest practicable regular expiration date. OCC currently has such authority with respect to European-style options that have been so adjusted.

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

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B),

⁴⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³² See Nasdaq Rule 4450(a)-(b).

³³ See proposed NYSE Arca Equities Rule 5.5(c).

³⁴ See Nasdaq Rule 4450(h).

³⁵ See proposed NYSE Arca Equities Rule 5.1(a) and 5.2(a).

³⁶ See NYSE Listed Company Manual Section 101.00.

³⁷ See also NYSE Arca Equities Rule 5.5(k), which sets forth other reasons for suspending or delisting securities on the Exchange.

³⁸ 15 U.S.C. 78s(b)(2).

and (C) below, of the most significant aspects of these statements.³

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In a cash-out merger, the common equity of the acquired company ("Security") is converted into a right to receive a fixed amount of cash. On the day after the announced consummation date for the merger, the stock exchanges on which the Security is traded suspend all trading in the Security. Concurrently, the option exchanges discontinue trading in options overlying the Security. If a customer does not liquidate an out-of-the-money option position before the exchange halts trading, its broker must carry the position until it expires. With increasing volume and the proliferation of options with long expiration dates, clearing members' cost and operational overhead of carrying these positions is significant. In an effort to reduce these costs, OCC adopted Rule 807 in 1998 to provide for acceleration of the expiration date of European-style equity options that have been converted to a cash deliverable. OCC now proposes to extend Rule 807 to cover American-style equity options.

Under the proposed rule change, OCC typically would accelerate the expiration date of American-style and European-style equity options that are adjusted to call for a cash deliverable to the earliest practicable regular expiration date. OCC proposes to set the exercise by exception price threshold for the adjusted contracts at \$.01 per share of the amount of the cash deliverable.⁴

OCC proposes to implement the rule change on January 1, 2008, to allow clearing members and customers sufficient time to prepare for the change of methodology. OCC will not implement the proposed rule change until definitive copies of an appropriate revision of or supplement to the options disclosure document, *Characteristics and Risks of Standardized Options*, are available for distribution.

OCC believes the proposed rule change is consistent with the requirements of Section 17A of the Act⁵ and the rules and regulations

thereunder because it would eliminate inefficient procedures for clearance and settlement that impose unnecessary costs on investors and persons facilitating transactions by and acting on behalf of investors. As such, OCC believes it is designed to promote the prompt and accurate clearance and settlement of securities transactions.

(B) Self-Regulatory Organization's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

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

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such longer period:

(i) As the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve such proposed rule change or

(B) Instruct proceedings to determine whether the proposed rule change should be disapproved.

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>) or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-OCC-2006-20 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-OCC-2006-20. 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>). 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 Section, 100 F Street, NE., Washington, DC 20549. Copies of such filings also will be available for inspection and copying at the principal office of OCC and on OCC's Web site at http://www.optionsclearing.com/publications/rules/proposed_changes/sr_occ_06_20.pdf. 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-OCC-2006-20 and should be submitted on or before December 20, 2006.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54807; File No. SR-Phlx-2006-53]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto Relating to Assignments in Options Based on Root Symbol

November 21, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

³ The Commission has modified the text of the summaries prepared by OCC.

⁴ OCC also proposes to make a conforming change to Rule 1106. Every option contract that has an exercise price below (in the case of a call) or above (in the case of a put) the amount of the cash deliverable by \$.01 or more will be deemed to have been exercised immediately prior to the accelerated expiration time unless the clearing member directs otherwise.

⁵ 15 U.S.C. 78q-1.

⁶ 17 CFR 200.30-3(a)(12).