

particularly important to preserve orderly settlement in the marketplace and to minimize the risk of loss to NSCC and its members. The proposed rule summarizes in a single rule NSCC's rights and the actions it may take in such a situation. These rights and actions are either permitted elsewhere in NSCC's rules or are permitted pursuant to NSCC's emergency authority. By summarizing them in a single rule, however, the proposed rule change should provide clarity and a clear legal basis for NSCC's rights or actions taken with respect to a wind-down member. NSCC also believes that the proposed rule is designed to minimize the need for rule waivers.

NSCC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder because it will enhance NSCC's rules regarding actions that NSCC may take with respect to a wind-down of a member that presents risk to NSCC.

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

NSCC does not believe that the proposed rule change would have any impact or 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 relating to the proposed rule change have not yet been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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

Within 35 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 90 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 the proposed rule change or

(B) institute 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-NSCC-2006-05 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-NSCC-2006-05. 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 filing also will be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at <http://www.nsc.com>. 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-NSCC-2006-05 and should be submitted on or before January 10, 2007.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E6-21706 Filed 12-19-06; 8:45 am]

BILLING CODE 8011-01-P

⁵ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54921; File No. SR-NSCC-2006-14]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Clarifying and Technical Changes to its Insurance Processing Service

December 12, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on November 2, 2006, the National Securities Clearing Corporation ("NSCC") 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 NSCC. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act² and Rule 19b-4(f)(4) thereunder³ so that the proposal was effective upon filing with the Commission. 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 make clarifying and technical changes to NSCC's Rule 57 regarding NSCC's Insurance Processing Service ("IPS").

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

In its filing with the Commission, NSCC 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. NSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.⁴

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78s(b)(3)(A)(iii).

³ 17 CFR 240.19b-4(f)(4).

⁴ The Commission has modified the text of the summaries prepared by NSCC.

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

The purpose of the proposed rule change is to make clarifying and technical changes to Rule 57 of NSCC's Rules regarding IPS. NSCC proposes to reformat Rule 57 for clarity. References to services or functionalities that are not currently offered would be deleted and to those that have changed since the rule was initially written would be revised accordingly. These changes are explained below.

Reformatting of Rule 57 Rule 57 is being reorganized such that (i) Section 1 of the rule now consolidates all of the general provisions that will generally apply to all IPS services and (ii) each subsequent section (Sections 2 through 10) applies to a separate service offering within IPS. This differs from the format of the current rule in which some of the services are referenced in a list contained in Section 1 of the rule and certain other of the services are described in separate, individual sections of the rule.

Section 1 Section 1 will contain all of the general provisions that apply to all services within IPS. Most of these general provisions are contained in Sections 1 and 2 of the current Rule 57 and with some exceptions are repeated in subsequent sections of the current rule with respect to specific services.

The statement currently contained in Addendum D of NSCC's Rules, which states that that NSCC does not guarantee money settlement of IPS transactions, is being restated in Subsection (l) of Section 1 of the rule. Repositioning the statement in the rule which governs the insurance services will help clarify to applicants and members that IPS is not a "guaranteed service."

The last two sentences of current Subsection (d) of Section 2 of Rule 57, which state that NSCC would adjust IPS data on the instruction of a participant, are being deleted. Because NSCC acts as a pass-through of IPS data, it would not generally be expected to make adjustments on such data.

Provisions contained in Sections 1 and 2, which are specific to a particular service offering within IPS, of the current Rule 57 are being deleted and moved to subsequent sections that are dedicated to that particular service offering. For example, the material regarding application information is being moved to Section 3, "Applications and Premiums."

Section 2, "Commissions and Compensation" Section 2 will set forth the provisions specific to the

commission service offered in IPS, which provisions are currently in Section 3. The service, currently named "Commissions and Charge Backs," is being renamed "Commissions and Compensation" to reflect that the service currently accommodates other types of compensation payable between insurance carriers and distributors such as bonus amounts. General provisions that are not specific to the Commissions and Charge Backs service and that apply generally to all IPS services are being deleted from this section and placed in Section 1 as discussed above.

Sections 3(d) and (e) of the current rule, which state that NSCC may offer members the ability to cancel commission transactions, are being deleted. At the time the commission service was originally proposed, NSCC anticipated that it would develop such an enhancement.⁵ The enhancement has not been developed and there are no plans to develop it at this time.

The provisions in the current rule regarding the date on which commission transactions may settle are being rewritten to use terminology consistent with analogous provisions elsewhere in the rules.

Section 3, "Applications and Premiums" Section 3 will set forth the provisions that are specific to the applications and premiums services in IPS, which provisions are currently in Sections 2 and 4. The provisions of the current Sections 2 and 4 that are of general applicability to all IPS services are deleted from these sections and placed in Section 1 as discussed above.

Section 2 (e) of the current rule, which states that NSCC will reject application data if it has four or more errors, is being deleted. The precise data requirements of the various services change from time to time as new fields are added or deleted or made mandatory or optional, and the data requirements therefore are more typically contained in the NSCC user guides and other documentation rather than being set forth in the text of the NSCC Rules.

Section 4, "Licensing and Appointments" Section 4 will set forth the provisions specific to the licensing and appointments services within IPS. In the current rule, the reference to the licensing and appointments service is contained in Sections 1 and 4 in the list of types of data that may be transmitted through IPS.

Section 5, "Positions and Valuations" Section 5 will set forth the provisions specific to the positions and valuations

services within IPS. Section 5 of the current rule, which regards a product repository service which may be offered by NSCC, is being deleted. NSCC determined not to offer this service after the proposed rule change for the service had been filed and approved.⁶ NSCC has no plans to offer such a service at this time and would file a proposed rule change should it determine to do so after this provision is deleted from the rules.

Section 6, "ACATS/Transfers" Section 6 will set forth the provisions specific to the ACATS transfer service within IPS and is reworded slightly differently from the current Section 6 in order to use terminology that is consistent with analogous terminology elsewhere in NSCC's rules.

Section 7, "Asset Pricing" Section 6 sets forth the provisions specific to the asset pricing service within IPS.

Section 8, "Financial Activity Reporting" Section 7 will set forth the provisions specific to the financial activity reporting service within IPS, which service is referenced in Section 1 of the current rule in the list of types of data that may be transmitted through IPS.

Section 9, "In Force Transactions" Section 9 will set forth the provisions specific to the In Force Transactions services within IPS.

Section 10, "InsurExpress" Section 10 will set forth the provisions specific to the InsurExpress service within IPS. This service was the subject of a proposed rule change regarding the insurance service that was proposed to be offered under the name "Portal."⁷

The proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because in clarifying NSCC's Rules to more accurately and clearly set forth the nature of the insurance processing services already offered by NSCC, the proposed rule change effects a change in an existing service of NSCC that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of NSCC and (ii) does not significantly affect the respective rights or obligations of NSCC or those members using the service.

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

NSCC does not believe that the proposed rule change will have any

⁶ Securities Exchange Act Release No. 47644 (April 7, 2003), 68 FR 17850 (April 11, 2003) [File No. SR-NSCC-2003-04].

⁵ Securities Exchange Act Release No. 39096 (September 19, 1997), 62 FR 50416 (September 25, 1997) [File No. SR-NSCC-96-21].

⁷ Securities Exchange Act Release No. 48896 (December 9, 2003), 68 FR 70553 (December 18, 2003) [File No. SR-NSCC-2003-18].

impact or 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 relating to the proposed rule change have not yet been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act⁸ and Rule 19b-4(f)(4) thereunder⁹ because the proposed rule effects a change in an existing service of NSCC that (i) Does not adversely affect the safeguarding of securities or funds in the custody or control of NSCC and (ii) does not significantly affect the respective rights or obligations of NSCC or those members using the service. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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-NSCC-2006-14 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-NSCC-2006-14. 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 filing also will be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at <http://www.nsc.com>. 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-NSCC-2006-14 and should be submitted on or before January 10, 2007.

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

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E6-21717 Filed 12-19-06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54935; File No. SR-OCC-2006-10]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Accelerated Approval of a Proposed Rule Change Relating to Cash-Settled Foreign Currency Options

December 13, 2006.

I. Introduction

On June 8, 2006, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-OCC-2006-10 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ On October 26, 2006, OCC amended the proposed rule change. Notice of the

proposal was published in the **Federal Register** on November 17, 2006.² No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

II. Description

The proposed rule change will enable OCC to accommodate a request from the Philadelphia Stock Exchange, Inc. ("Phlx") that OCC clear and settle cash-settled foreign currency options ("Cash-Settled FCOs"). While OCC's By-Laws and Rules currently provide for the clearance and settlement of Cash-Settled FCOs, changes to OCC's By-Laws are needed in connection with the Cash-Settled FCOs that are to be traded by Phlx.³

The first change is to reflect the different expiration date of the Cash-Settled FCOs as compared with the expiration date provided for in OCC's By-Laws. The definition of "expiration date" in Article XXII, Section 1 of OCC's By-Laws provides that Cash-Settled FCOs generally expire on the Monday specified by the relevant exchange at or before trading begins. To accommodate the Cash-Settled FCOs proposed to be traded by Phlx, the definition will be amended to provide for an expiration date on the Saturday following the third Friday of the expiration month, which is the same as the expiration date for equity and index options. OCC is also providing for expirations on such other dates as an exchange may determine, which is consistent with the definition of "expiration date" applicable to index options. OCC is also amending Article VI, Section 22 of its By-Laws to make clear that Cash-Settled FCOs will not clear through OCC's International Clearing System.⁴

OCC amended the proposed rule change on October 26, 2006, to amend Article XXII, Section 4 of OCC's By-Laws to conform the provisions relating to unavailability or inaccuracy of the spot price for Cash-Settled FCOs to the comparable provisions of Article XVII of OCC's By-Laws relating to the unavailability or inaccuracy of the current index value or other value or price used to determine the exercise settlement amount for index options.

² Securities Exchange Act Release No. 54721, (November 8, 2006), 71 FR 67004.

³ For a description of the Phlx proposed rule change, see Securities Exchange Act Release No. 54652 (October 26, 2006) 71 FR 64597 (November 2, 2006) [File No. SR-Phlx-2006-34]. Currently, there are no cash-settled FCOs traded at any options exchange.

⁴ Interpretation .02 of Article VI, Section 22 of OCC's By-Laws currently provides, "All classes of foreign currency options and cross-rate foreign currency options are cleared through ICS."

⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

⁹ 17 CFR 240.19b-4(f)(4).

¹⁰ 17 CFR 200.30-3(a)(12).

¹¹ 15 U.S.C. 78s(b)(1).