

*C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others*

No written comments were solicited or received with respect to the proposed rule change.

**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 Amex consents, the Commission will:

(A) By order approve such 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](mailto:rule-comments@sec.gov). Please include File Number SR-Amex-2005-063 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-9303. All submissions should refer to File Number SR-Amex-2005-063. 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 the Amex. 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 publicly available. All submissions should refer to File Number SR-Amex-2005-063 and should be submitted on or before September 16, 2005.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. E5-4658 Filed 8-25-05; 8:45 am]

**BILLING CODE 8010-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-52313; File No. SR-CBOE-2005-41]

**Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of Proposed Rule Change Relating to the Elimination of Position and Exercise Limits on NDX Options**

August 22, 2005.

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 May 23, 2005, 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, II, and III below, which Items have been prepared by the CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend its rules to eliminate position and exercise limits for options on the Nasdaq 100 Index ("NDX"). The text of the proposed rule change is available on the CBOE's Web site (<http://www.cboe.com>), at the

<sup>14</sup> 17 CFR 200.30-3(a)(12).

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

<sup>27</sup> 17 CFR 240.19b-4.

CBOE's Office of the Secretary, 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 CBOE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it had received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The CBOE 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

The CBOE proposes to eliminate position and exercise limits for options on the NDX, a broad-based securities index. In November 2001, the Commission granted permanent approval to a CBOE pilot program that eliminated position and exercise limits for options on the S&P 500 Index ("SPX"), the S&P 100 Index ("OEX"), and the Dow Jones Industrial Average ("DJX").<sup>3</sup> The Exchange believes that the circumstances and considerations relied upon in approving the elimination of position and exercise limits for options on those broad-based indexes equally apply to this proposal relating to NDX position and exercise limits.

In the Permanent Approval Order relating to SPX, OEX, and DJX options, the Commission cited several reasons for allowing the Exchange to eliminate position and exercise limits for these options. First, the Commission expressed its belief that the enormous capitalization of each index and the deep liquid markets for the securities underlying each index significantly reduced concerns of market manipulation or disruptions in the underlying markets.<sup>4</sup> The Commission previously had also noted the active trading volume for options on the

<sup>3</sup> See Securities Exchange Act Release No. 44994 (October 26, 2001), 66 FR 55722 (November 2, 2001) (order granting permanent approval to the elimination of position and exercise limits on the SPX, OEX, and DJX) ("Permanent Approval Order"). See also Securities Exchange Act Release No. 40969 (January 22, 1999), 64 FR 4911 (February 1, 1999) (order approving the original pilot program) ("Pilot Approval Order").

<sup>4</sup> See Permanent Approval Order, *supra* note 3.

respective indexes.<sup>5</sup> The CBOE believes that NDX shares these factors in common with the SPX, OEX, and DJX. As of the date of this rule filing, the approximate market capitalizations of the SPX, OEX, and DJX were \$10.97 trillion, \$5.94 trillion, and \$3.7 trillion, respectively. The average daily trading volumes (“ADTVs”) for all underlying components of the indexes were 1,250, 560, and 250 million shares, respectively, and the ADTV for options on the indexes were 253,981 contracts, 72,809 contracts, and 30,938 contracts, respectively.<sup>6</sup> The CBOE believes that the NDX has very comparable characteristics. The market capitalization for the NDX is \$1.84 trillion dollars, the ADTV for the underlying securities is 420 million shares, and the options ADTV is 44,008 contracts.

Secondly, with respect to SPX, OEX, and DJX options, the Commission noted that the financial requirements imposed by both the Exchange and the Commission help to address concerns that a CBOE member or its customer(s) may try to maintain an inordinately large unhedged position in the indexes.<sup>7</sup> These identical financial requirements also apply to NDX options. Under CBOE rules, the Exchange has the authority to impose additional margin upon accounts maintaining underhedged positions, and is further able to monitor accounts to determine when such action is warranted. As noted in the Exchange’s rules, the clearing firm carrying such an account would be subject to capital charges under Rule 15c3-1 under the Act<sup>8</sup> to the extent of any resulting margin deficiency.<sup>9</sup>

Finally, the Exchange believes that with regard to SPX, OEX, and DJX options, the Commission relied substantially on the Exchange’s ability to provide surveillance and reporting safeguards to detect and deter trading abuses arising from the elimination of position and exercise limits in options on these indexes. The Exchange represents that it monitors trading in NDX options in much the same manner as trading in SPX, OEX, and DJX options and that the current CBOE surveillance procedures are more than adequate to

continue monitoring NDX options. Additionally, the Exchange proposes to impose a reporting requirement on CBOE members (other than CBOE market-makers) and member organizations that trade NDX options. This reporting requirement, which is currently imposed on members and member organizations that trade SPX and OEX options, would require each member or member organization that maintains in excess of 100,000 NDX contracts on the same side of the market, for its own account or for the account of a customer, to report information as to whether the positions are hedged and provide documentation as to how such contracts are hedged, in a manner and form required by the Exchange’s Department of Market Regulation.<sup>10</sup> The Exchange also may specify other reporting requirements, as well as the limit at which the reporting requirement may be triggered.<sup>11</sup>

In the interest of consistency, the Exchange also proposes to amend Exchange rules relating to the trading of FLEX broad-based index options to reflect that there shall be no exercise or position limits on NDX options and to adopt the 100,000 contract reporting requirement for NDX FLEX options.<sup>12</sup> Thus, the provisions in CBOE Rule 24A.7(b) applicable specifically to SPX and OEX FLEX options shall also apply to NDX FLEX options.<sup>13</sup>

The Exchange believes that eliminating position and exercise limits for NDX options and FLEX options is consistent with CBOE Rules relating to similar broad-based indexes and also allows CBOE members and their customers greater hedging and investment opportunities.

## 2. Statutory Basis

By placing position and exercise limits for NDX options on an equal basis with other similar broad-based index options, the Exchange believes that this proposed rule change is consistent with Section 6(b) of the Act,<sup>14</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>15</sup> in particular, in that it should promote just and equitable principles of trade, serve to remove impediments to and perfect the mechanism of a free and

open market and a national market system, and to protect investors and the public interest.

## B. Self-Regulatory Organization’s Statement on Burden on Competition

The CBOE believes that the proposed rule change would not 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

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(A) By order approve such 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

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- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2005-41 on the subject line.

### Paper Comments

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-9303.

All submissions should refer to File Number SR-CBOE-2005-41. 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

<sup>5</sup> See Pilot Approval Order, *supra* note 3.

<sup>6</sup> ADTVs are calculated over the previous three months of trading.

<sup>7</sup> See Permanent Approval Order, *supra* note 3.

<sup>8</sup> 17 CFR 240.15c3-1.

<sup>9</sup> See Interpretation and Policy .04 to CBOE Rule 24.4. Clarified as per telephone conversation between Ira Brandriss, Special Counsel, and Theodore Venuti, Attorney, Division of Market Regulation, Commission, and James M. Flynn, Attorney II, Legal Division, CBOE, on August 12, 2005 (“Telephone Conversation of August 12, 2005”).

<sup>10</sup> See Interpretation and Policy .03 to CBOE Rule 24.4.

<sup>11</sup> *Id.*

<sup>12</sup> See CBOE Rules 24A.7 and 24A.8. The text of Rule 24A.8 is not amended by this proposed rule change.

<sup>13</sup> This would include the authority of the Exchange to impose additional margin on accounts maintaining underhedged positions in these options. Telephone Conversation of August 12, 2005, *supra* note.

<sup>14</sup> 15 U.S.C. 78f(b).

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

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 the CBOE. 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 publicly available. All submissions should refer to File Number SR-CBOE-2005-41 and should be submitted on or before September 16, 2005.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>16</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 05-16963 Filed 8-25-05; 8:45 am]  
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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-52209A; File No. SR-NASD-2004-165]

### Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Approving Proposed Rule Change and Amendment Nos. 1 and 2 Thereto Relating to NASD Rule 2790; Corrected

August 22, 2005.

#### Correction

In Part III.D. of Release 34-52209, issued August 4, 2005,<sup>1</sup> the Commission is replacing the following sentence: "The NASD suggests that the proposed rule change become effective 45 days after approval by the Commission and the Commission believes that this is reasonable." with:

"The NASD will announce the effective date of the proposed rule change in a *Notice to*

*Members* ("NtM") to be published no later than 60 days following Commission approval. The effective date will be not more than 30 days following publication of the NtM announcing Commission approval and the Commission believes this is reasonable."

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>2</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 05-16956 Filed 8-25-05; 8:45 am]  
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## DEPARTMENT OF STATE

[Public Notice 5175 ]

### 30-Day Notice of Proposed Information Collection: DS Form 4502, Fulbright Teacher Exchange Program Application Package, OMB Control No. 1405-0114

**ACTION:** Notice of request for public comments and submission to OMB of proposed collection of information.

**SUMMARY:** The Department of State has submitted the following information collection request to the Office of Management and Budget (OMB) for approval in accordance with the Paperwork Reduction Act of 1995.

- *Title of Information Collection:* Fulbright Teacher Exchange Program Application Package.
- *OMB Control Number:* 1405-0114.
- *Type of Request:* Extension of a currently approved collection.
- *Originating Office:* Office of Global Educational Programs (ECA/A/S).
- *Form Numbers:* DS-4502.
- *Respondents:* Educators desiring to participate in the Fulbright Teacher Exchange Program.
- *Estimated Number of Respondents:* 950.
- *Estimated Number of Responses:* 950.
- *Average Hours Per Response:* 3.
- *Total Estimated Burden:* 2850.
- *Frequency:* On occasion.
- *Obligation to Respond:* Required to obtain or retain a benefit.

**DATES:** The Department will accept comments from the public up to 30 days from August 26, 2005.

**ADDRESSES:** Direct comments and questions to Katherine Astrich, the Department of State Desk Officer in the Office of Information and Regulatory Affairs at the Office of Management and Budget (OMB), who may be reached at 202-395-4718. You may submit comments by any of the following methods:

- E-mail: [Katherine.T.Astrich@omb.eop.gov](mailto:Katherine.T.Astrich@omb.eop.gov). You must include the DS form number, information collection title, and OMB control number in the subject line of your message.

- Mail (paper, disk, or CD-ROM submissions): Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th Street, NW., Washington, DC 20503.

- Fax: 202-395-6974.

#### FOR FURTHER INFORMATION CONTACT:

Public comments, or requests for additional information, regarding the collection listed in this notice should be directed to Jennifer Gibson, Branch Chief, or Ruta Chagnon, Program Officer (ECA/A/S/X); Department of State, SA-44, Room 349, 301 Fourth Street, SW., Washington, DC 20547, who may be reached at 202-619-4555/6.

**SUPPLEMENTARY INFORMATION:** We are soliciting public comments to permit the agency to:

- Evaluate whether the proposed information collection is necessary for the proper performance 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:* Under the Mutual Educational and Cultural Exchange (Fulbright-Hays) Act of 1961, as amended, the Fulbright Teacher Exchange Program offers six-week, semester, and academic-year exchanges and seminar opportunities to U.S. educators. The data collected is used to determine whether prospective candidates are qualified for participation in the program.

*Methodology:* Applicants submit either a paper or electronic application to ECA. The receiving office inputs the data into a database for retention and program use as appropriate.

Dated: July 17, 2005.

**Cathy Chikes,**

Executive Director, Office of Global Educational Programs, Department of State.  
[FR Doc. 05-17023 Filed 8-25-05; 8:45 am]

BILLING CODE 4710-05-P

<sup>16</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> See Securities Exchange Act Release No. 52209 (August 4, 2005), 70 FR 46557 (August 10, 2005).

<sup>2</sup> 17 CFR 200.30-3(a)(12).