

In deciding whether to permit a specialist to trade on parity with orders that they are representing, Floor brokers must be mindful of their "best execution" obligations under the NYSE Rules 13.20, 123A.41, 123A.42 and 123A.44, including the obligation that they use due diligence to execute the order at the best price available to them under the published market procedures of the Exchange (subject to the customer's limit price, if the order is a limit order). Provided that they have made appropriate disclosures to their customers, Floor brokers are not required to obtain separate customer approval to permit the specialist to trade on parity under NYSE Rule 108(a) for each order or trade, but may rely on the disclosures to customers and any resulting guidance provided by their customers, as described above.

If a broker believes that a specialist has improperly traded on parity with his or her order, the broker should promptly alert any member of the On-Floor Surveillance Unit, located in the Extended Blue Room, or contact Pat Giraldi, Director of the unit, at (212) 656-6804.

3. All Members and Member Organizations

Members and member organizations should take steps to inform and educate management and associated persons regarding the information contained in this Information Memo, and are reminded that pursuant to Exchange Rule 342, they must have appropriate systems, procedures and controls for ensuring compliance with the above-referenced policies.

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Questions regarding the above may be directed to Patrick Giraldi, Director, Market Surveillance, at (212) 656-6804, Gordon Brown, Manager, On-Floor Surveillance Unit, in the Extended Blue Room or at (212) 656-5321, or Daniel M. Labovitz, Director, Market Surveillance, at (212) 656-2081.

Robert A. Marchman,
Executive Vice President, Market
Surveillance.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53221; File No. SR-PCX-2005-102]

Self-Regulatory Organizations; Pacific Exchange, Inc.; Order Granting Approval of Proposed Rule Change and Amendment No. 1 Thereto Relating to the Elimination of Obsolete Rules Related to the Pacific Options Exchange Trading System and Order Book Officials

February 3, 2006.

On November 10, 2005, the Pacific Exchange, Inc. ("PCX" 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 eliminate obsolete rules related to the Pacific Options Exchange Trading System ("POETS") and Order Book Officials ("OBOs"). On November 22, 2005, PCX filed Amendment No. 1 to the proposed rule change.³ The proposed rule change was published for comment in the **Federal Register** on December 21, 2005.⁴ The Commission received no comments on the proposal. This order approves the proposed rule change, as amended.

The proposed rule change, as amended, would modify the PCX Rules to eliminate obsolete rules with respect to POETS and OBOs and make corresponding changes to related rules. As of March 2005, the Exchange completed its rollout of the PCX Plus System.⁵ As such, options issues no longer trade on the POETS platform at the Exchange. Therefore, the Exchange proposes to eliminate rules related to POETS, including rules regarding OBOs, and to generally modify the rules as applicable in the current PCX Plus market structure.⁶ In connection with the proposed elimination of OBOs, the Exchange proposes to revise the definition of "Trading Official" to no longer permit OTP Holders to serve in this capacity and to clarify the responsibilities of Trading Officials.

The Commission finds that the proposed rule change is consistent with the requirements of the Act⁷ and the rules and regulations thereunder applicable to a national securities exchange,⁸ particularly Section 6(b)(5) of the Act,⁹ which requires, among other things, that the Exchange's rules be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Partial Amendment, submitted by Glenn H. Gsell, Director of Regulation, PCX ("Amendment No. 1"). In Amendment No. 1, PCX corrected a typographical error in the rule text.

⁴ See Securities Exchange Act Release No. 52955 (December 14, 2005), 70 FR 75851 (December 21, 2005) ("Notice").

⁵ See Securities Exchange Act Release No. 47838 (May 13, 2003), 68 FR 27129 (May 19, 2003) (Order Approving Proposal for PCX Plus).

⁶ A full description of the rules that are being deleted or modified pursuant to this proposal can be found in the Notice, *supra* note 4.

⁷ 15 U.S.C. 78f(b).

⁸ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹ 15 U.S.C. 78f(b)(5).

system and to protect investors and the public interest. The Commission believes that the proposed rule change clarifies the Exchange's rules by eliminating provisions that no longer are necessary in light of the obsolescence of POETS and the elimination of the position of OBO. In addition, by requiring a Trading Official to be an Exchange employee or officer, the proposed rule change is designed to minimize potential conflicts of interest that otherwise may arise when an OTP Holder is called upon to act in the capacity of a Trading Official and to make a decision on a regulatory matter.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-PCX-2005-102), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Nancy M. Morris,
Secretary.

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SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #10316 and #10317]

Oklahoma Disaster Number OK-00002

AGENCY: Small Business Administration.
ACTION: Amendment 2.

SUMMARY: This is an amendment of the Presidential declaration of a major disaster for the State of Oklahoma (FEMA-1623-DR), dated 01/10/2006.

Incident: Severe Wildfire Threat.

Incident Period: 11/27/2005 and continuing.

Effective Date: 01/27/2006.

Physical Loan Application Deadline Date: 03/13/2006.

EIDL Loan Application Deadline Date: 10/10/2006.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, National Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street, SW., Suite 6050, Washington, DC 20416.

SUPPLEMENTARY INFORMATION: The notice of the Presidential disaster declaration for the State of Oklahoma, dated 01/10/2006, is hereby amended to include the following areas as adversely affected by the disaster:

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).