

*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 No. SR-BSE-2006-01 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-BSE-2006-01. 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 Room. Copies of the filing also will be available for inspection and copying at the principal office of the BSE. 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-BSE-2006-01 and should be submitted on or before April 5, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>15</sup>

**Nancy M. Morris,**  
Secretary.

[FR Doc. E6-3697 Filed 3-14-06; 8:45 am]

**BILLING CODE 8010-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-53449; File No. SR-Phlx-2005-45]

**Self-Regulatory Organizations;  
Philadelphia Stock Exchange, Inc.;**  
**Order Approving Proposed Rule  
Change and Notice of Filing and Order  
Granting Accelerated Approval of  
Amendment No. 1 Thereto Relating to  
the Automatic Execution of Option  
Transactions During Crossed Markets**

March 8, 2006.

**I. Introduction**

On July 12, 2005, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 relating to the automatic execution of options transactions during crossed markets. The proposed rule change was published for comment in the **Federal Register** on July 27, 2005.<sup>3</sup> The Exchange filed Amendment No. 1 to this proposal on December 9, 2005.

The Commission received no comments regarding the proposal. This notice and order approve the proposed rule change and solicit comments from interested persons on Amendment No. 1, and approve Amendment No. 1 on an accelerated basis.

**II. Description of the Proposal**

Currently, Phlx Rule 1080(c)(iv)(A) states that an order otherwise eligible for automatic execution will instead be manually handled by the specialist when the Exchange's disseminated market is crossed or crosses the disseminated market of another options exchange.<sup>4</sup> The proposed rule change would limit the specialist's manual handling of orders during crossed markets to situations where the market is crossed by more than one minimum trading increment (*i.e.*, 2.10 bid, 2 offer). The proposed rule would provide that an order otherwise eligible for automatic execution would instead be handled manually by the specialist when the Exchange's disseminated market is crossed by more than one minimum

trading increment, or crosses the disseminated market of another options exchange by more than one minimum trading increment. Thus, the effect of the proposal is that orders would be eligible for automatic execution when the Exchange's disseminated market is crossed or crosses another exchange's market by just one minimum trading increment (and where the Exchange's disseminated market is the NBBO).<sup>5</sup>

In Amendment No. 1, the Exchange proposes to amend Phlx Rule 1085, Order Protection, to provide a new exception to liability for the satisfaction of trade-throughs. Specifically, the Exchange proposes to add as a new exception to liability the situation when a trade-through is the result of an automatic execution when the Exchange's disseminated market is the NBBO and is crossed by not more than one minimum trading increment, or crosses the disseminated market of another options exchange by not more than one minimum trading increment.

Lastly, as a housekeeping matter, the Exchange proposes to delete Phlx Rule 1080(c)(iv)(G), a reference to an expired pilot program relating to the disengagement of AUTO-X for "non-Streaming Quote Options."<sup>6</sup> There are no longer any non-Streaming Quote Options traded on the Exchange; therefore Phlx Rule 1080(c)(iv)(G) is no longer applicable.

**III. Discussion**

The Commission finds that the proposal is consistent with the requirements of the Act.<sup>7</sup> In particular, the Commission finds that the proposed rule change furthers the objectives of Section 6(b)(5),<sup>8</sup> in that it is designed to prevent fraudulent and manipulative acts and practices, 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

<sup>5</sup> Orders otherwise eligible for automatic execution will instead be handled manually by the specialist when the Exchange's disseminated market is not the NBBO. See Exchange Rule 1080(c)(iv)(E). Therefore, for an order to be eligible for automatic execution during a crossed market, the Exchange's disseminated market must be the NBBO.

<sup>6</sup> A "non-Streaming Quote Option" was previously defined as an option that is not traded on the Exchange's electronic trading platform for options, "Phlx XL." See Securities Exchange Act Release No. 50100 (July 27, 2004), 69 FR 46612 (August 3, 2004) (SR-hlx-2003-59). All options traded on the Exchange are now traded on Phlx XL.

<sup>7</sup> In approving this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

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

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

<sup>3</sup> Securities Exchange Act Release No. 52082 (July 20, 2005), 70 FR 43493.

<sup>4</sup> Eligible orders are currently executed automatically on the Exchange during locked markets (*i.e.*, 2 bid, 2 offer). See Securities Exchange Act Release No. 47359 (February 12, 2003), 68 FR 8322 (February 20, 2003) (SR-Phlx-2003-03).

<sup>15</sup> 17 CFR 200.30-3(a)(12).

mechanism of a free and open market and national market system.

The Commission recognizes that markets that are crossed by only one minimum trading increment in today's increasingly electronic marketplace reflect the number and speed of electronic quotations and the number of market makers submitting such quotations, and, therefore, do not necessarily indicate system errors that may result in unusual risk to market makers, making automatic execution undesirable.

The Commission believes that by permitting automatic executions during crossed markets in such limited situations as proposed by the Exchange, orders should be handled more promptly and Exchange specialists and Registered Options Traders ("ROTs") should still have sufficient ability to manage their market risk during times of crossed markets. A market crossed by an amount greater than one minimum trading increment may be an indication that one or more options market(s) or market makers may be experiencing quotation system issues that do not reflect current market conditions and consequently orders on the Exchange would be handled manually by the specialist in such circumstances.

The Commission notes, however, that in the event Phlx automatically executes orders when the Exchange's disseminated market is crossed, or crosses the disseminated market of another options exchange, by one minimum trading increment, the Exchange would be permitting trade-throughs<sup>9</sup> in contravention of Section 8(c) of the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage ("Linkage Plan") and Exchange Rule 1085.<sup>10</sup> The Commission believes that it is appropriate and in the public interest for Phlx to except members from trade-through liability in the event that the trade-through occurred as a result of an automatic execution when the Exchange's disseminated market is the NBBO and is crossed by not more than one minimum trading increment, or crosses the disseminated market of another options exchange by not more than one minimum trading increment. The Commission believes that, in this limited circumstance, the benefit of

providing an automatic execution outweighs the harm of the resultant trade-through. Therefore, concurrent with this order, the Commission is granting Phlx an exemption from the requirement under Exchange Act Rule 608(c) that Phlx comply with, and enforce compliance by its members with, Section 8(c) of the Linkage Plan, which provides that, "absent reasonable justification and during normal market conditions, members in [Participants'] markets should not effect Trade-Throughs"<sup>11</sup> and from Section 4(b) of the Linkage Plan, which requires the Exchange to enforce compliance by its members with Section 8(c) of the Linkage Plan.

The Commission finds good cause for approving Amendment No. 1 prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. In Amendment No. 1, the Exchange proposes to modify Phlx Rule 1085 to include a new exception to liability for the satisfaction of trade-throughs under the Linkage Plan. Specifically, the Exchange proposes that when a trade-through is the result of an automatic execution when the Exchange's disseminated market is the NBBO and is crossed by not more than one minimum trading increment, or crosses the disseminated market of another options exchange by not more than one minimum trading increment, the Exchange member that effected the trade-through should not be liable for satisfaction of such trade-through. Because the Phlx's proposal, which was published for comment, to permit automatic executions in certain, limited crossed market situations would inevitably result in trade-throughs and the proposal, therefore, could not be implemented without the changes to Phlx Rule 1085 proposed in Amendment No. 1, the Commission finds that good cause exists to accelerate approval of Amendment No. 1 to permit the proposed rule change to be implemented on an expedited basis.

Therefore, the Commission finds that granting accelerated approval to Amendment No. 1 is appropriate and consistent with Section 19(b)(2) of the Act.<sup>12</sup>

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 1, including whether the Amendment 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-Phlx-2005-45 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-Phlx-2005-45. 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. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. 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-Phlx-2005-45 and should be submitted on or before April 5, 2006.

#### V. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>13</sup> that the proposed rule change (SR-Phlx-2005-45) is approved, and Amendment No. 1 thereto is approved on an accelerated basis.

<sup>9</sup> A "Trade-Through" is defined in Section 2(29) of the Linkage Plan as "a transaction in an options series at a price that is inferior to the NBBO."

<sup>10</sup> The Linkage Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Exchange Act, 15 U.S.C. 78k-1, and Exchange Act Rule 608. See Securities Exchange Act Release No. 43086 (July 28, 2000), 65 FR 48023 (August 4, 2000).

<sup>11</sup> See letter from Robert L.D. Colby, Acting Director, Division of Market Regulation, Commission, to Meyer S. Frucher, Chairman and Chief Executive Officer, Phlx, dated March 8, 2006.

<sup>12</sup> 15 U.S.C. 78s(b)(2).

<sup>13</sup> 15 U.S.C. 78s(b)(2).

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

**Nancy M. Morris,**  
Secretary.

[FR Doc. E6-3698 Filed 3-14-06; 8:45 am]  
BILLING CODE 8010-01-P

**SMALL BUSINESS ADMINISTRATION**

[Disaster Declaration #10422 and #10423]

**Florida Disaster #FL-00012**

**AGENCY:** Small Business Administration.  
**ACTION:** Notice.

**SUMMARY:** This is a notice of an Administrative declaration of a disaster for the State of Florida dated 03/09/2006.

*Incident:* Severe Storms and Flooding  
*Incident Period:* 02/03/2006.  
*Effective Date:* 03/09/2006.  
*Physical Loan Application Deadline Date:* 05/08/2006.

*Economic Injury (EIDL) Loan Application Deadline Date:* 12/11/2006.

**ADDRESSES:** Submit completed loan applications to: 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:** Notice is hereby given that as a result of the Administrator's disaster declaration applications for disaster loans may be filed at the address listed above or other locally announced locations.

The following areas have been determined to be adversely affected by the disaster:

Primary County: Pinellas.  
Contiguous Counties:  
Florida: Hillsborough and Pasco.

The Interest Rates are:

	Percent
Homeowners with credit available elsewhere .....	5.750
Homeowners without credit available elsewhere .....	2.875
Businesses with credit available elsewhere .....	7.408
Businesses & Small Agricultural Cooperatives without credit available elsewhere .....	4.000
Other (Including Non-Profit Organizations) with credit available elsewhere .....	5.000

	Percent
Businesses and Non-Profit Organizations without credit available elsewhere .....	4.000

The number assigned to this disaster for physical damage is 10422 6 and for economic injury is 10423 0.

The States which received an EIDL Declaration # are Florida.

(Catalog of Federal Domestic Assistance Numbers 59002 and 59008)

Dated: March 9, 2006.

**Hector V. Barreto,**  
Administrator.

[FR Doc. E6-3747 Filed 3-14-06; 8:45 am]  
BILLING CODE 8025-01-P

**DEPARTMENT OF STATE**

[Public Notice 5341]

**Advisory Committee on Private International Law**

**SUMMARY:** The Advisory Committee's study group on investment securities will hold a meeting Friday, March 31 from 1 p.m. until 5 p.m. e.s.t. to review the results of the second intergovernmental meeting at UNIDROIT on a draft multilateral treaty (convention) on harmonization of certain aspects of investment securities transactional law. The meeting will examine in particular provisions on clearing and settlement of securities transactions through or involving intermediaries, as well as provisions on the relation of intermediaries and issuers of securities and collateral useages including netting of securities transactions.

**Background**

UNIDROIT (the International Institute for the Unification of Private Law, an international organization headquartered in Rome, Italy, which the United States participates actively in as a member state) has initiated a project to prepare a multilateral treaty (convention) on certain aspects of investment securities transactional law. Preliminary studies and proposals were initiated in 2002, and the first intergovernmental meeting held in May 2005. The second meeting will take place in mid-March 2006, and the Advisory Committee meeting is intended to be an initial review of revisions, if any, to the draft convention, and to assess prospects for future negotiations as well as objectives that should be sought. The latter will need to take into account the differences in legal systems, existing laws on

investment securities transactions, and differences in securities markets as well as regulatory systems of the fifty or so countries that participate.

**Scope**

The subject matter of the preliminary draft convention is "Harmonized Substantive Rules Regarding Intermediated Securities" and at this point includes rights and obligations associated with transactions or dispositions of investment securities such as crediting of securities to a securities account, instructions by an account holder, the role and obligations of intermediaries, effect of rules of clearing and settlement systems, whether upper-tier attachment is permissible, priority among competing interests, protection of bona fide acquirers, effect on insolvency proceedings, intermediaries relationship to issuers of securities, rights of setoff, and provisions with respect to collateral transactions such as use of or substitution of collateral, netting, and other matters. The foregoing matters are largely subjects in the United States of uniform securities transaction laws as set out in Uniform Commercial Code Articles 8 and 9. Conclusion of a text, if that is achieved, which is unlikely to occur before 2007, does not obligate any country to adopt or implement its provisions in any way.

**Agenda**

The Advisory Committee's Study group agenda will review viewpoints of various participating countries and financial associations or other organizations that participate in the process, as well as revisions if any to the draft text. It will also cover, time permitting, related developments in international investment securities regulation and practice. The Advisory Committee offers an opportunity for interested members of the public or entities, associations and others to comment on these developments and to make recommendations for future proposals.

**Public Participation**

Advisory Committee Study group meetings are open to the public. The meeting will be at the offices of the Federal Reserve Bank of New York, 33 Liberty Street, NYC. Persons wishing to attend need to provide in advance, not later than Wednesday, March 29 their name, address, contact numbers, including e-mail address if available, and affiliation(s) to [smeltzertk@state.gov](mailto:smeltzertk@state.gov).

Additional meeting information can be obtained from Ms. Smeltzer at 202-

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