

• Send an e-mail to *rule-comments@sec.gov*. Please include File Number SR-CBOE-2006-38 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-CBOE-2006-38. 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 such filing also will be available for inspection and copying at the principal office of 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-2006-38 and should be submitted on or before June 22, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Nancy M. Morris,**  
Secretary.

[FR Doc. E6-8480 Filed 5-31-06; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53859; File No. SR-CHX-2006-18]

### Self-Regulatory Organization; Chicago Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change Waiving a Notice Provision Relating to the Renewal of Trading Permits

May 24, 2006.

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 10, 2006, the Chicago Stock Exchange, Inc. ("CHX" 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 CHX. 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 waive for 2006 the 60-day notice requirement relating to the cancellation of trading permits that were issued as a result of the Exchange's demutualization. The text of this proposed rule change is available on the Exchange's Web site at [http://www.chx.com/rules/proposed\\_rules.htm](http://www.chx.com/rules/proposed_rules.htm) 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 CHX included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received regarding the proposal. The text of these statements may be examined at the places specified in Item IV below. The CHX 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

At the time of the Exchange's demutualization on February 9, 2005, the Exchange issued trading permits to

each member that held a CHX membership on the previous day. Pursuant to CHX Article II, Rule 3, each of these trading permits had a one-year term (through February 8, 2006) and was to be automatically renewed at the end of that term for another year (through February 8, 2007), unless the participant<sup>3</sup> gave the Exchange at least 60 days' notice that the trading permit should be allowed to expire.

Although some Exchange participants that wanted certain trading permits to expire provided the 60 days' notice contemplated by the Exchange's rules, a few participants did not. Because this is the first year of this new requirement and it appears to have created confusion among some of the Exchange's participants, the Exchange believes that it would be appropriate to waive the 60-day notice requirement in 2006. Therefore, the Exchange proposes Interpretation and Policy .01 to CHX Article II, Rule 3, which would allow for 2006 a trading permit to expire if a participant provided notice of waiver of renewal with respect to such trading permit during the 60 days preceding February 9, 2006, even though the participant did not provide the full 60 days' prior notice required by the Exchange's rules.

###### 2. Statutory Basis

The CHX believes that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>4</sup> The CHX believes that the proposal is consistent with Section 6(b)(5) of the Act<sup>5</sup> in that it is designed to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, to protect investors and the public interest by permitting the Exchange to waive, on a one-time basis, a rule provision relating to the renewal of trading permits that caused confusion among some of the Exchange's participants.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition.

<sup>3</sup> See CHX Article I, Rule 1(l) for the definition of a "participant."

<sup>4</sup> 15 U.S.C. 78(f)(b).

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

<sup>10</sup> 17 CFR 200.30-3(a)(12).

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

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

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

No written comments were either solicited or received.

**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 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 proposal 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-CHX-2006-18 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 No. SR-CHX-2006-18. 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 changes 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 such filing will also be available for inspection and copying at the principal office of the CHX. 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 No. SR-CHX-2006-18 and should be submitted on or before June 22, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

**J. Lynn Taylor,**

*Assistant Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-53868; File No. SR-CHX-2006-13]

**Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change Relating to Participant Fees and Credits**

May 25, 2006.

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 April 24, 2006, the Chicago Stock Exchange, Inc. ("CHX" 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 CHX. 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 CHX proposes to amend its Participant Fee Schedule ("Fee Schedule") to reduce, retroactively to March 1, 2006, the assignment fees charged to specialist firms seeking the right to trade securities to \$500 per assignment, when the securities are assigned in competition with other

firms.<sup>3</sup> The text of this proposed rule change is available on the Exchange's Web site at [http://www.chx.com/rules/proposed\\_rules.htm](http://www.chx.com/rules/proposed_rules.htm) 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 CHX 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. The CHX 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**

Under the Exchange's rules, the Committee on Specialist Assignment and Evaluation is responsible for appointing participant firms to act as specialists on the Exchange.<sup>4</sup> When more than one firm competes for the right to be the specialist in a particular security, the Exchange charges assignment fees of \$1,000 or \$4,000 for the assignment, depending on the number of firms competing for that right.<sup>5</sup>

In a separate filing, the Exchange has submitted a proposal to implement a

<sup>3</sup> The Exchange filed with the Commission a separate filing proposing an identical assignment fee reduction (SR-CHX-2006-12) on April 24, 2006, which was immediately effective as of that date under section 19(b)(3)(A) of the Act and Rule 19b-4(f)(2) thereunder. Because the Exchange seeks to apply the assignment fee reduction to its Fee Schedule on a retroactive basis as of March 1, 2006, the Exchange is submitting this proposal to the Commission under section 19(b)(2) of the Act, to be published for notice and comment. The Commission notes that the discussion in the Purpose section below reflects the Fee Schedule as it existed prior to the immediately effective changes made pursuant to SR-CHX-2006-12.

<sup>4</sup> See CHX Article IV, Rule 6.

<sup>5</sup> For "dual trading system" securities, a group of securities which includes securities listed on the New York Stock Exchange or American Stock Exchange, the Exchange currently charges a \$1,000 assignment fee if the security (or a group of securities) was assigned in competition with at least one other participant and up to one-third of all participants that trade these issues. The fee for the assignment of this type of security is increased to \$4,000 if the security (or a group of securities) was assigned in competition with more than one-third of the participants that trade these issues. For Nasdaq/NM securities, the Exchange currently charges a \$1,000 assignment fee if the security was assigned in competition with one other participant firm; the fee is increased to \$4,000 if two or more firms compete for the assignment.

<sup>6</sup> 17 CFR 200.30-3(a)(12).

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

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