(''CBOE''), Boston Stock Exchange, Inc. (''BSE''), American Stock Exchange LLC (''Amex''), and NYSE Arca, Inc. (''NYSE Arca'') (collectively, ''Participants'') respectively submitted to the Securities and Exchange Commission (''Commission'') Joint Amendment No. 19 to the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage (the ''Linkage Plan'').[3] The Joint Amendment proposes to modify the manner in which the participation fee applicable to new Participants is calculated.[4] The Commission is publishing this notice to solicit comments from interested persons on the proposed Joint Amendment to the Linkage Plan.

I. Description and Purpose of the Amendment

The purpose of the Joint Amendment is to modify the manner in which the participation fee applicable to new Participants is calculated. The participation fee is determined by the Participants and is assessed in connection with an Eligible Exchange[5] becoming a new Participant. The Joint Amendment provides that in determining the amount of the participation fee, the Participants shall consider one or both of the following: (i) The portion of costs previously paid by the Participants for the development, expansion, and maintenance of Linkage[6] facilities which, under generally accepted accounting principles, could have been treated as capital expenditures and, if so treated, would have been amortized over the five years preceding the admission of the new Participant (and for this purpose all such capital expenditures shall be deemed to have a five-year amortizable life); and (ii) previous participation fees paid by other new Participants. These standards are consistent with the participation fee standards contained in the Consolidated Tape Plan (''CTA Plan'').[7] Further, the Participants would no longer be required to calculate the participation fee at least once a year. Instead, the participation fee would be calculated at the time an Eligible Exchange seeks to become a Participant.

II. Implementation of the Plan Amendment

The Participants intend to make the proposed Joint Amendment to the Linkage Plan reflected in this filing effective when the Commission approves the Joint Amendment.

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed Joint Amendment to the Linkage Plan 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 4–429 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 4–429. 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 Joint Amendment that are filed with the Commission, and all written communications relating to the proposed Joint Amendment 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 offices of the Amex, BSE, CBOE, ISE, NYSE Arca, and Phlx. 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 4–429 and should be submitted on or before July 13, 2006. For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[8]

Nancy M. Morris,

Secretary.

[FR Doc. E6–9854 Filed 6–21–06; 8:45 am]

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[3] On July 28, 2000, the Commission approved a national market system plan for the purpose of creating and operating an intermarket options market linkage proposed by the Amex, CBOE, and ISE. *See* Securities Exchange Act Release No. 43086 (July 28, 2000), 65 FR 48023 (August 4, 2000). Subsequently, upon separate requests by the Phlx, Pacific Exchange, Inc. (n/k/a NYSE Arca, Inc.), and BSE, the Commission issued orders to permit these exchanges to participate in the Linkage Plan. *See* Securities Exchange Act Release Nos. 43573 (November 16, 2000), 65 FR 70851 (November 28, 2000); 43574 (November 16, 2000), 65 FR 70850 (November 28, 2000); and 49198 (February 5, 2004), 69 FR 7029 (February 12, 2004).

[4] *See* Section 11(b) of the Linkage Plan.

[5] *See* Section 2(6) of the Linkage Plan.

[6] *See* Section 2(14) of the Linkage Plan.

[7] *See* Section III(c)(2) of the CTA Plan.

[8] 17 CFR 200.30–3(a)(29).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54000; File No. SR-CBOE–2006–41]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change and Amendment No. 1 Thereto To Amend Obsolete, Outdated and/or Unnecessary Rules

June 15, 2006.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on April 21, 2006, 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 principally by the CBOE. On June 15, 2006, the Exchange filed Amendment No. 1 to the proposed rule change.[3] The Exchange filed this proposal as a ''non-controversial'' proposed rule change pursuant to section 19(b)(3)(A) of the Act,[4] and Rule 19b–4(f)(6) thereunder,[5] which renders the proposal effective upon filing with the Commission.[6] The Commission is publishing this notice to solicit comments on the proposed rule

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] In Amendment No. 1, the Exchange made certain clarifying changes regarding the purposes for the proposed changes. For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change the Commission considers the period to commence on June 15, 2006, the date on which the Exchange filed Amendment No. 1. *See* 15 U.S.C. 78s(b)(3)(C).

[4] 15 U.S.C. 78s(b)(3)(A).

[5] 17 CFR 240.19b–4(f)(6).

[6] As required by Rule 19b–4(f)(6)(iii), 17 CFR 240.19b–4(f)(6)(iii), the CBOE submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing.

change, as amended, from interested persons.

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

The Exchange proposes to amend certain of its rules, or portions thereof, which it has determined to be obsolete, outdated, and/or unnecessary. The text of the proposed rule change is available on the Exchange's web site (*http://www.cboe.com*), at the Exchange'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 Exchange 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 Exchange 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 Exchange performed a complete review of its Rules, as well as the surveillance procedures thereto, and identified a number of CBOE Rules, or portions thereof, that are outdated, obsolete, and/or unnecessary. In conjunction with this review, this filing proposes to: (i) Delete certain rules that are currently obsolete and no longer necessary; and (ii) amend certain rules that need to be updated. Specifically, the Exchange proposes to delete or amend (as indicated below) the following CBOE rules.

CBOE Rule 2.15. This rule pertains to the make-up of the Exchange's internal departments and how the Exchange may establish such departments. The Exchange no longer refers to them as ''departments'' but presently refers to them as ''divisions.'' For this reason, the Exchange proposes to amend the language of this rule to bring it up to date and make it consistent with the current terminology.

CBOE Rule 4.3. This rule currently requires that the Exchange's members receive the prior written consent of the Exchange before he/she establishes or maintains wire connections or shares an office with other members or non-members. Due to the anachronistic nature of this rule, the Exchange feels that no regulatory purposes are currently served by the requirements of this rule. This rule was implemented in the early 1970s, a time when communication was extremely limited. The rule was implemented to assure that there was no confusion on the part of the Exchange or a customer as to what member or member organization actually maintained a specific office space or wire connection and/or with whom. By having prior notice of such information, the Exchange would be able to discern who was affiliated with a specific office space and who was not. This was also at a time when customer business was done on a ''face to face'' basis, in which a customer would traditionally walk up off the street and into a member or member organization's storefront business. The Exchange states that this type of business activity rarely takes place these days. Due to communication enhancements (such as the cell phone, email and internet), this rule is no longer consistent with our current environment and capabilities. Customer business is not as much of a ''face to face'' business as it was in the 1970s and 1980s due to these communication enhancements. Customers have access to the internet and can converse with members or member organizations through other means of communications like the cell phone, email and facsimile. In addition, to the extent that CBOE Rule 4.3 is designed to provide the Exchange with notice of its members' business locations, it is redundant; CBOE Rule 3.7 requires that each Exchange member: (i) Promptly file with the Exchange's Membership Department its business address and residence address; and (ii) promptly file any changes to this information. For these reasons, the Exchange proposes to delete CBOE Rule 4.3.

CBOE Rule 6.64. This rule requires: (i) Every clearing member to maintain an office at a location that is approved by the Exchange; (ii) that the clearing member shall also have present at the office a representative that is authorized to sign any instruments and transactions on behalf of the clearing member; and (iii) that the clearing member shall file with the Exchange a certified list of those representatives that are authorized to sign any instruments and transactions on behalf of the clearing member. Due to the technological advancements in electronic communications over the past number of years, the Exchange believes that the requirements of this Rule are no longer necessary. When the Exchange originally implemented this rule, the only way of communicating with its clearing members was in-person or by telephoning them at their place of business. Based on such limitations, it was important to ensure that the Exchange knew the office location of its clearing members and that the members would have someone physically present at such office if the need arose to get in contact with them for the purpose of having an instrument or transaction reviewed and executed by the clearing member. This Rule was implemented in the late 1970s, a time when communication with members was limited. Such limitations no longer exist. Now, due to the advancements in electronic communications (such as cellular phones, mobile e-mail, Internet and facsimile), the Exchange has the ability to communicate with Exchange clearing members through these others means and thus no longer needs the physical presence of a clearing member representative at the clearing member's office for the sake of signing any instruments or transactions. In addition, pursuant to Chapter 3 of the CBOE Rules, all Exchange clearing members must have their office locations and contact information on file with the Exchange. Having the ability to communicate with Exchange clearing members at all times, whether they are at the office location or not, it is no longer necessary to require the physical presence of an authorized person at the clearing members office location. Therefore, because these requirements are obsolete and are no longer necessary, the Exchange proposes to delete this Rule.

Interpretations .03 and .04 of CBOE Rule 7.4. CBOE Rule 7.4 pertains to the obligations of orders by an order book official (''OBO''). Specifically, Interpretation .03 of CBOE Rule 7.4 requires an OBO to maintain an ''order shoe'' for each option class that he/she trades at his/her post. Interpretation .04 of CBOE Rule 7.4 defines the term ''custody'' for purposes of the Rule to mean that the option order is placed into the appropriate order shoe for each option traded at an OBO's post. Presently, the Exchange no longer requires an OBO to maintain an order shoe. The purpose of the order shoe was to give the OBO a place to deposit an order from the floor when the OBO wanted that order to be placed in the Exchange order book (''Book''). An OBO would have a specific order shoe for either a put or a call option order. Upon an OBO's deposit of an order into an order shoe, an Exchange employee

would then take such order and enter it into the Book manually. Due to technological advancements, such orders are no longer manually entered into the Book and are now maintained electronically. Specifically, these orders are maintained electronically on either: (i) CBOE's Hybrid Trading System (''Hybrid'') or (ii) CBOE's electronic book (''e-Book''). For option classes trading on Hybrid, these orders will be maintained electronically on Hybrid, since it is an electronic trading platform. For option classes that are non-Hybrid, the OBO no longer puts an order in an order shoe; the OBO now enters such orders electronically into the e-Book. An OBO will continue to be bound by the requirements of CBOE Rule 7.4 pertaining to an OBO's obligations for orders on both Hybrid and the e-Book. It should be noted that this filing does not propose any changes to an OBO's obligations pertaining to maintaining orders, but solely proposes to update CBOE Rule 7.4 because such orders are no longer physically deposited into an order shoe by an OBO. The Exchange proposes to delete Interpretations .03 and .04 of CBOE Rule 7.4 because it no longer uses order shoes due to these electronic advancements in trading and does not intend to use them in the future. These Interpretations, therefore, are obsolete and no longer necessary.

Interpretation .13 of CBOE Rule 12.3. CBOE Rule 12.3 pertains to margin requirements for customer accounts. Specifically, Interpretation .13 of CBOE Rule 12.3 states that the margin treatment for spread options that involve stock index warrants and currency warrants is subject to a one-year pilot program scheduled to begin on August 29, 1995. This Interpretation is obsolete and no longer necessary because the referenced pilot program expired almost ten years ago, on August 29, 1996. For this reason, the Exchange proposes to delete this Interpretation.

Interpretation .02 of CBOE Rule 15.10. CBOE Rule 15.10 pertains to the reporting requirements that are applicable to short sales in the Nasdaq National Market. Specifically, Interpretation .02 to this Rule requires that, when a Market-Maker facilitates an option or combination order from off of the Exchange trading floor and contemporaneously hedges the resulting position with a short sale Nasdaq National Market, the Market-Maker must give prior notification to an Exchange official or Trading Official prior to making such trade. Then, in turn, the Exchange Official or Trading Official must file a report describing such transaction with the Exchange's ''Department of Market Surveillance.'' The Department of Market Surveillance used to be a department within the Exchange's Regulatory Division. Presently, the Department of Market Surveillance no longer exists and is simply referred to as part of the Regulatory Division in general. Therefore, the Exchange proposes to amend this Interpretation to bring it up to date by amending the reference to ''Department of Market Surveillance'' and replacing it with ''Regulatory Division.''

CBOE Rule 24.9(a)(5)(i) and Interpretations .04 and .08 of Rule 24.9. CBOE Rule 24.9 details the terms of index option contracts that are traded on the Exchange. Specifically, CBOE Rule 24.9(a)(5)(i) and Interpretation .04 of CBOE Rule 24.9 pertain to the exercise settlement values for CBOE's index options based on the FT–SE (U.K.) 100 Index (the FT–SE Index''). Also, Interpretation .08 of CBOE Rule 24.9 pertains to the trading of reduced-value LEAPS on the FT–SE 100 stock index. The Exchange no longer trades options on the FT–SE Index and reduced value LEAPS on the FT–SE stock index, and it does not plan to trade them in the future. For this reason, CBOE Rule 24.9(a)(5)(i) and Interpretations .04 and .08 of CBOE Rule 24.9 are no longer necessary and the Exchange proposes to delete those sections.

Interpretation .06 of CBOE Rule 24.9. Interpretation .06 of CBOE Rule 24.9 pertains to the use of ''implied forward levels'' in determining the strike prices on options based on indices of Mexican stocks. Currently, the Exchange does not trade options based on indices of Mexican stocks, and it has no intention of trading them in the future. For this reason, Interpretation .06 is no longer necessary and therefore the Exchange proposes to delete this section.

2. Statutory Basis

By proposing to amend those Exchange rules, or portions thereof, which have been determined to be obsolete, outdated and/or unnecessary, the Exchange believes the proposed rule change is consistent with section 6(b) of the Act [7] in general and furthers the objectives of section 6(b)(5) of the Act [8] 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 in general, to protect investors and the public interest.

[7] 15 U.S.C. 78f(b).

[8] 15 U.S.C. 78f(b)(5).

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

The Exchange states that the proposed rule change does 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

The Exchange states that 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

Because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) by its terms does not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to section 19(b)(3)(A) of the Act [9] and Rule 19b–4(f)(6) thereunder.[10]

At any time within 60 days of the filing of the proposed 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.[11]

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 No. SR–CBOE–2006–41 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary,

[9] 15 U.S.C. 78s(b)(3)(A).

[10] 17 CFR 240.19b–4(f)(6).

[11] *See supra* at note 3.

Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–1090.

All submissions should refer to File No. SR–CBOE–2006–41. 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 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 will also be available for inspection and copying at the principal office 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 No. SR–CBOE–2006–41 and should be submitted on or before July 13, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[12]

Nancy M. Morris,

Secretary.

[FR Doc. E6–9853 Filed 6–21–06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54010; File No. SR–NASD–2006–076]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing of Proposed Rule Change by the National Association of Securities Dealers, Inc. To Exempt All Securities Included in the NASDAQ 100 Index From the Price Test Set Forth in NASD Rule 3350(a)

June 16, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on June 15, 2006, the National Association of Securities Dealers, Inc. (''NASD''), through its subsidiary, The Nasdaq Stock Market, Inc. (''Nasdaq''), 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 substantially by Nasdaq. 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 the Substance of the Proposed Rule Change

Nasdaq has submitted a proposed rule change to exempt all securities included in the NASDAQ 100 Index from the price test set forth in NASD Rule 3350(a). The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are in brackets.

3350 Short Sales

(a)–(b) No Change.

(c)(1)–(9) No Change.

(10) Sales of securities included in the Nasdaq 100 Index.

(d)–(k) No Change.

* * * * *

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

In its filing with the Commission, Nasdaq 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. Nasdaq 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

Nasdaq is proposing to amend Rule 3350(c) to create an exemption from the short sale rule for securities included in the Nasdaq 100 Index.

The NASDAQ 100 Index. First introduced in 1985, the NASDAQ–100 Index was created to track the performance of the largest non-financial companies listed on The NASDAQ Stock Market. Nasdaq states that the NASDAQ–100 Index Tracking Stock, also known as ''QQQ'', is the most actively traded ETF and the most actively traded listed equity security in the U.S. by average daily share trading volume. As of the end of the fourth quarter of 2005, QQQ traded an average of 90.4 million shares per day. Nasdaq notes that QQQ has grown significantly since its inception: From $14.5 million in assets at the start to $20.3 billion in assets as of December 31, 2005, and from 300,000 total shares outstanding to 501.95 million at the end of the fourth quarter of 2005.

In addition to the QQQ, Nasdaq states that nearly 150 licensees have contracted with Nasdaq to use the NASDAQ–100 and other Nasdaq indices as benchmarks for the issuing and trading of their global financial products. These third-party underwritten products, such as equity-linked notes, index warrants, certificates of deposits, leveraged products and basket securities, were sold in 32 countries and amounted to $157.05 billion in underlying notional value as of December 31, 2005.6 A total of 33 domestic and international mutual funds use this barometer index as a benchmark as well.

Nasdaq states that, as a result, the Nasdaq 100 stocks are highly liquid. For the month of April 2006, the average daily volume for that group of securities was over 880 million shares. The average daily volume of an individual Nasdaq 100 security was over 8.8 million shares and the mean daily trading value of those securities was over 3.4 million shares.

The Regulation SHO Pilot. On June 23, 2004, Commission approved new and amended short sale regulations in Regulation SHO under the Securities Exchange Act of 1934 (the ''Act''). On July 28, 2004, the Commission issued an order creating a one year Pilot (''Pilot'') suspending the provisions of Rule 10a–1(a) under the Act and any short sale price test of any exchange or national securities association for short sales of certain securities. The Pilot was created pursuant to Rule 202T of Regulation SHO, which established procedures to allow the Commission to temporarily suspend short sale price tests so that the Commission could study the effectiveness of short sale price tests. On April 20, 2006, the Commission issued an order extending the termination date of the Pilot to August 6, 2007, the date on which temporary Rule 202T expires.

The Pilot exempted a selected list of securities from short sale price test restrictions of SEC Rule 10a–1 and the rules of self regulatory organizations, including NASD Rule 3350. Nasdaq notes that, of the roughly 1000 such securities, roughly 47 percent are listed

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[12] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.