

By the Commission.

Jill M. Peterson,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54507; File No. SR-BSE-2006-36]

Self-Regulatory Organizations; Boston Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto Relating to the Market Opening Pilot Program for the Boston Options Exchange Facility

September 26, 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 September 1, 2006, the Boston Stock Exchange, Inc. ("BSE" 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 BSE. On September 18, 2006, the BSE filed Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The BSE is proposing to retroactively reinstate the pilot program related to market opening procedures on the Boston Options Exchange facility.⁴ The pilot program expired on August 6, 2006. The BSE is proposing to retroactively reinstate the pilot program for the time period August 6, 2006 through September 1, 2006. The BSE does not propose to make any substantive changes to the pilot program rules. The only change to be achieved by this rule filing is to retroactively reinstate the pilot program for the time period August 6, 2006 through September 1, 2006.⁵

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 replaced the original filing in its entirety.

⁴ The BSE filed another proposed rule, SR-BSE-2006-37, in order to extend the market opening procedures pilot program from September 1, 2006 to August 6, 2007. See Securities Exchange Act Release No. 54467 (September 20, 2006).

⁵ The Commission has previously approved proposals to extend pilot programs on a retroactive basis when an extension was not filed prior to the expiration date. See Securities Exchange Act

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 BSE included statements concerning the purpose of, and basis for, the proposed rule change, as amended, and discussed any comments it received on the proposed rule change, as amended. The text of these statements may be examined at the places specified in Item IV below. The BSE 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

On August 6, 2006 the market opening procedures pilot program expired. The purpose of this proposed rule change is to retroactively reinstate the market opening procedures pilot program for the time period August 6, 2006 through September 1, 2006 so as to avoid an interruption in that pilot program. The BSE is not proposing any other changes to the market opening procedures pilot with this filing.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b) of the Act⁶ in general, and Section 6(b)(5) of the Act⁷ in particular, that an exchange have rules that are designed to prevent fraudulent and manipulative practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest. In particular, the proposed rule change will avoid an interruption of the pilot program which provides a quicker, more efficient, fair and orderly market opening process.

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

The BSE does not believe that the proposed rule change, as amended, will 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 BSE did not receive any written comments on the proposed rule change, as amended.

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, as amended; or

B. Institute proceedings to determine whether the proposed rule change, as amended, 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, as amended, 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 SR-BSE-2006-36 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-2006-36. 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

Release No. 50097 (July 27, 2004), 69 FR 46609 (August 3, 2004) (File No. SR-NASD-2004-112).

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

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 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-BSE-2006-36 and should be submitted on or before October 23, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54505; File No. SR-BSE-2006-40]

Self-Regulatory Organizations; Boston Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Trade Information Submitted to the Exchange

September 26, 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 September 15, 2006, the Boston Stock Exchange, Inc. ("BSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The BSE has filed the proposed rule change, pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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 Section 15 (Audit Trail) of Chapter V of the Rules of the Boston Options Exchange ("BOX") to delete the language that specifically references the two specific participant capacity codes and the three specific customer identification codes. The text of the proposed rule change is available on the BSE's Web site at <http://www.bostonstock.com>, at the principal office of the Exchange and in 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 states that the proposed rule change mimics the Chicago Board Options Exchange ("CBOE") Rule 6.51⁵ and the International Securities Exchange, Inc. ("ISE") Rule 712⁶ and proposes to amend Section 15 (Audit Trail) of Chapter V of the BOX Rules to delete the language that specifically references the two specific participant capacity codes and the three specific customer identification codes.⁷

Chapter V, Section 15 of the BOX Rules requires members to file with BOX order information in such form as may be prescribed by the Exchange. Among the "order information" that the rule requires to be marked on an order

ticket⁸ includes "participant capacity" and "customer identification." The purpose of these marking requirements is primarily twofold. First, participant capacity codes and customer identification codes ensure that orders route to the proper exchange systems, provide the Boston Options Exchange Regulation LLC ("BOXR") with a mechanism by which to surveil whether members are in fact marking orders correctly and provide BOX with customer information. Second, the marking requirements assist the Options Clearing Corporation ("OCC") in the clearance of trades.

BSE currently lists two participant capacity codes in Chapter V, Section 15(b)(vi) of the BOX Rules and three customer identification codes in Chapter V, Section 15(b)(viii) of the BOX Rules.⁹ Because BOX's participant capacity codes and customer identification codes are specifically listed in its rules, each time BOX determines to add, delete, or change a participant capacity code or customer identification code, BSE must submit a rule filing to the Commission. This could require several separate rule filings if BOX decided to add participant capacity codes and customer identification codes at different times.¹⁰

Accordingly, since Chapter V, Section 15(a) of the BOX Rules already provides that "each Options Participant shall submit order information in such form as may be prescribed by BOXR. * * *,"¹¹ BSE proposes to delete the language from Chapter V, Section 15(b)(vi) and (viii) of the BOX Rules that references the two specific participant capacity codes and three specific customer identification codes. This change will have two primary effects. First, it would eliminate the need for BSE to submit a rule filing each time BOX adds, deletes or changes a participant capacity code or customer identification code. Second, and more importantly, it would allow BSE to continue to ensure that members submit requisite trade information, including participant capacity codes and customer

⁸ All order tickets are submitted to BOX in electronic form.

⁹ BOX currently uses the following participant capacity codes: (1) Order Flow Provider or (2) Market Maker. See BOX Rules Chapter V, Section 15(b)(vi). BOX currently uses the following customer identification codes: (1) Public Customer; (2) Broker-dealer; or (3) Market Maker. See BOX Rules Chapter V, Section 15(b)(viii).

¹⁰ Over the next few months, the Exchange anticipates adding several new identification codes to the BOX system. This could require the submission of several rule filings if all participant capacity and customer identification codes are not added at the same time.

¹¹ See BOX Rules Chapter V, Section 15(a).

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ See Securities Exchange Act Release No. 45226 (January 3, 2002), 67 FR 1383 (January 10, 2002) (SR-CBOE-2001-69).

⁶ See Securities Exchange Act Release No. 43795 (January 3, 2001), 66 FR 2468 (January 11, 2001) (SR-ISE-00-21).

⁷ Currently, BOX Rules Chapter V, Section 15(b)(vi) and (viii) state that order information submitted under BOX Rule Chapter V, Section 15 must include certain specific participant capacity codes and customer identification codes.