

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>42</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55964; File No. SR-OC-2007-01]

### Self-Regulatory Organizations; OneChicago, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Nullification Policy for Error Trades and Mistrades

June 26, 2007.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-7 under the Act,<sup>2</sup> notice is hereby given that on June 4, 2007 OneChicago, LLC (“OneChicago” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II, and III below, which Items have been substantially prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. OneChicago also has filed the proposed rule change with the Commodity Futures Trading Commission (“CFTC”).

OneChicago filed a written certification with the CFTC under Section 5c(c) of the Commodity Exchange Act<sup>3</sup> on June 1, 2007.

#### I. Self-Regulatory Organization’s Description of the Proposed Rule Change

OneChicago is proposing to amend its Error Trade Nullification Policy (“Error Trade Policy”).

#### 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

OneChicago is proposing to amend its Error Trade Policy. The proposed rule change would make substantive changes to update and clarify the Error Trade Policy based on the Exchange’s experience and make other non-substantive, conforming, and stylistic changes. Among others, the proposed rule change would amend the “no bust” range, add the term “Questioned Trade”, permit trades within the “no bust” range to be busted or adjusted if there were an Exchange system failure, require traders or customers with a contingency trade triggered by a trade that is questioned to call the OneChicago Operations Management (“OOM”) Help Desk within five minutes of notification of a questioned trade, and permit the parties to make restitution by making a reasonable cash payment to compensate for any losses or costs directly incurred as a result of the error.

The proposed rule change would set the “no bust” range for trades that are questioned (“Questioned Trades”) at fixed amounts. Currently, the “no bust” range is tiered as follows: if the reasonable market price is less than or equal to \$10, the “no bust” range is 10% above or below the reasonable market price; if the reasonable market price is between \$10 and \$100, the “no bust” range is 5% above or below the reasonable market price; and, lastly, if the reasonable market price is higher than \$100, the “no bust” range is 3% above or below the reasonable market price. Under the proposed rule change, the “no bust” range will also be tiered and based on the reasonable market price as set by the OOM. The new “no bust” range would be as follows: if the reasonable market price were less than \$25, the “no bust” range would include any price that is no greater than \$0.50 from the reasonable market price; if the reasonable market price were equal to or higher than \$25 but less than \$100, the “no bust range” would be any price that is no greater than \$1.00 from the reasonable market price; and for reasonable market prices at or above \$100, the no bust range would be any price that is within one percent of the reasonable market price.

The proposed rule change would also add language that would clarify that the Exchange may bust a trade outside the

“no bust” range or require that a price adjustment be made. If OOM determines that a price adjustment is appropriate, the proposed rule change would permit OOM to set or allow a price adjustment at or near the reasonable price range plus (in the case of a buy-side error) or minus (in the case of sell-side error) an amount up to and including the relevant “no bust” range for the contract. Under the proposed rule change, an OOM directed price adjustment would either be made by having the OOM Help Desk cancel (bust) the original trade and reenter it at the adjusted price or by having the members on either side of the trade make a cash-payment directly between them. Additional language would be added to make it clear that members are responsible to and for their respective customers and that in no event should participants to an error trade take action to adjust the price or make cash payment without the knowledge and approval of OOM.

The proposed rule change would eliminate the requirement that OOM may only provide assistance to Registered Trading Privilege Holders (“RTPH”) for error trades. The Exchange believes it is appropriate to permit OOM to provide assistance to RTPHs and other persons.

Currently, if a Questioned Trade is inside the no bust range, the trade will not be busted. The proposed rule change would permit a Questioned Trade within the no bust range to be busted if there were an Exchange system failure. The proposed rule change would also add new language that would emphasize to the parties of a Questioned Trade that they should not assume that a trade would be busted or not busted until the OOM makes a final decision.

The contingency portion of the Error Trade Policy would be amended to place a time limit on requests by traders to bust or adjust a contingent trade triggered by a Questioned Trade. Under the proposed rule change, the traders or customers on either side of a contingent trade would be required to call the OOM Help Desk no later than 5 minutes after the OOM initially notified the market that the triggering trade was in question. The proposed amendment to the contingency provision would also permit adjusting the price of the trade.

The proposed rule change would also add language that would make it clear that the party responsible for a mistrade would be required to report to the OOM Help Desk the details of any transactions conducted pursuant to Part A or B of the Error Trade Policy that occurred outside of the OneChicago system.

<sup>42</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(7).

<sup>2</sup> 17 CFR 240.19b-7.

<sup>3</sup> 7 U.S.C. 7a-2(c).

The proposed amendments to Part B.1 of the Error Trade Policy, (trades not brought to the attention of OOM within eight minutes or within five minutes for contingency trades), would permit restitution in the form of a reasonable cash payment, if the parties agreed to do so in order to compensate for any losses or costs directly incurred as a result of the error. Under the proposed rule change, the parties to the trade could also agree to retain the trade but make reasonable cash payment to compensate for any losses or costs caused by the error. The proposed rule change would also add new language to this Part clearly stating that in no event should participants take action to adjust the price or make cash payment without the knowledge of OOM.

Part B.2 of the Error Trade Policy dealing with arbitration of disputes would be amended to require that a written notice of arbitration claim be given to the National Futures Association in addition to the OOM Help Desk. The proposed rule change would delete portions of Part B.2 requiring the owner of the account on the other side of an error to be a RTPH or subject to OOM's jurisdiction to bring an arbitration claim and limiting the recovery under arbitration to the difference between the error trade price and the true market price for the relevant contract immediately before the error trade occurred.

Part C of the current Error Trade Policy dealing with voluntary adjustment of trade price for those trades outside the "no bust" range reported within eight minutes would be deleted and the current Part D, Schedule of Administrative Fees, would be renumbered to be Part C. Since the proposed rule change would permit the OOM to direct the traders to make a price adjustment, this provision is no longer necessary. Therefore, the parties may no longer independently decide to keep and adjust trades that are reported within eight minutes of when the trade occurred or within five minutes of when the trade was questioned for contingency trades and outside of the "no bust" range. This adjustment must be made by the Exchange.

The Schedule of Administrative fees would be amended to make administrative fees permissive rather than mandatory. Under the proposed rule change, if OneChicago adopts an administration fee schedule, the party responsible for the Questioned Trade would be required to pay a fee in accordance with the fee schedule. The proposed rule change would also add two new provisions, Part D, which would permit the Exchange to bust any

trades affected by a system failure or partial failure whether or not the trades occurred within the "no bust" range and Part E, which would permit the Exchange to bust or adjust any trades that are in violation of OneChicago rules.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act<sup>4</sup> in general and Section 6(b)(5) of the Act<sup>5</sup> in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

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

OneChicago does not believe that the proposed rule change 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

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

The foregoing proposed rule change has become effective pursuant to Section 19(b)(7) of the Act.<sup>6</sup> Within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.<sup>7</sup>

## 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](mailto:rule-comments@sec.gov). Please include File

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

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

<sup>6</sup> 15 U.S.C. 78s(b)(7).

<sup>7</sup> 15 U.S.C. 78s(b)(1).

Number SR-OC-2007-01 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-OC-2007-01. 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 such filing also will be available for inspection and copying at the principal office of OneChicago. 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-OC-2007-01 and should be submitted on or before July 23, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SOCIAL SECURITY ADMINISTRATION

[Docket No. SSA-2007-0049]

### Privacy Act of 1974 as Amended; Computer Matching Program (SSA/Railroad Retirement Board (RRB))—Match Number 1308

**AGENCY:** Social Security Administration (SSA).

**ACTION:** Notice of the renewal of an existing computer matching program

<sup>8</sup> 17 CFR 200.30-3(a)(73).