

	Monthly directed order volume (in contracts)	Rebate per contract	Total rebate per volume tier
3,000,001 and up15	150,000

Rebates would be capped at 100% of options transaction fee charges so that once an SROT's options transaction charges reach zero, the Exchange would not pay out any additional credits.

The Exchange notes that SROTs are entitled to the options transaction fee rebate, which is separate and apart from the Payment for Order Flow arrangements, which SROTs may negotiate with any firm from which they receive the guaranteed SROT allocation (*i.e.*, affiliated SROTs).⁷ The proposed options transaction fee rebate, which is provided to SROTs will not come from the marketing fees collected on SROT transactions.⁸

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act⁹ in general, and Section 6(b)(4) of the Act¹⁰ in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among Exchange members and issuers and other persons using Exchange facilities.

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 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.

⁷ Under the current plan, the Exchange charges an equity options marketing fee of \$0.75 per contract (and \$1.00 for SPY Options) solely to customer orders that are from payment accepting firms with whom an SROT receives the guaranteed SROT allocation, pursuant to 935-ANTE(a)(7). As noted in the Options Fee Schedule, the \$0.35 options marketing fee applies to those series of Equity Options, Exchange Traded Fund Share Options, and Trust Issued Receipt Options that quote and trade in one cent increments under the penny pilot program.

⁸ See Amendment No. 1, *supra* note 3.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(4).

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing proposed rule change has been designated as a fee change pursuant to Section 19(b)(3)(A)(ii) of the Act¹¹ and Rule 19b-4(f)(2)¹² thereunder, because it establishes or changes a due, fee, or other charge imposed by the Exchange. Accordingly, the proposal will take effect upon filing with the Commission. At any time within 60 days of the filing of such 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.¹³

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 Number SR-Amex-2007-55 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-Amex-2007-55. 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

¹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹² 17 CFR 240.19b-4(f)(2).

¹³ 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 7, 2007, the date on which the Exchange filed Amendment No. 1.

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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. 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-Amex-2007-55 and should be submitted on or before July 31, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E7-13312 Filed 7-9-07; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55999; File No. SR-BSE-2007-27]

Self-Regulatory Organizations; Boston Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto To Extend a Pilot Program That Allows for No Minimum Size Order Requirement for the Price Improvement Period Process on the Boston Options Exchange

July 2, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the

¹⁴ 17 CFR 200.30-3(a)(12).

“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 26, 2007, 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 substantially prepared by the BSE. The BSE has designated the proposed rule change as a “non-controversial” rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposed rule change effective upon filing with the Commission. On June 27, 2007, BSE filed Amendment No. 1 to the proposed rule change.⁵ 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 BSE proposes to amend the rules of the Boston Options Exchange (“BOX”) to extend the BOX pilot program that permits BOX to have no minimum size requirement for orders entered into the Price Improvement Period (“PIP”) process (“PIP Pilot Program”). The text of the proposed rule change is available on BSE’s Web site at: <http://www.bostonoptions.com>, at BSE’s principal office, 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 BSE 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 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

The purpose of the proposed rule change is to extend a Pilot Program under the Rules of the BOX for an

additional year. The Pilot Program allows BOX to have no minimum size requirement for orders entered into the PIP process.⁶ The proposed rule change retains the text of Supplementary Material .01 to Section 18 of Chapter V of the BOX Rules and seeks to extend the operation of the PIP Pilot Program until July 18, 2008.

The Exchange notes that the PIP Pilot Program provides small customer orders with benefits not available under the rules of other exchanges. One of the important factors of the PIP Pilot Program is that it guarantees members the right to trade with their customer orders that are less than 50 contracts. In particular, any order entered into the PIP is guaranteed an execution at the end of the auction at a price at least a penny better than the national best bid or offer.

In further support of this proposed rule change, and as required by the Original PIP Pilot Program Approval Order, the Exchange represents that it has been submitting to the Commission a monthly PIP Pilot Program Report, offering detailed data from and analysis of the PIP Pilot Program.

2. Statutory Basis

The Exchange believes that the data demonstrates that there is sufficient investor interest and demand to extend the Pilot Program for another year. The Exchange represents that the proposed rule change is designed to provide investors with real and significant price improvement regardless of the size of the order. Accordingly, the Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,⁷ in general, and Section 6(b)(5) of the Act,⁸ in particular, in that it is designed to provide price improvement to any order, which is consistent with the public interest and protection of investors from a best execution standpoint. Additionally, the Exchange believes that price improvement to any size order creates competition for the best execution of all orders, without unduly burdening competition.

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

The Exchange does not believe that the proposed rule change will result in

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 has neither solicited nor received comments on 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)⁹ of the Act and Rule 19b-4(f)(6) thereunder.¹⁰ As required under Rule 19b-4(f)(6)(iii),¹¹ the Exchange provided the Commission with 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 the filing of the proposed rule change.

A proposed rule change filed under Rule 19b-4(f)(6)¹² normally may not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)¹³ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The BSE requests that the Commission waive the 30-day operative delay, as specified in Rule 19b-4(f)(6)(iii),¹⁴ which would make the rule change effective and operative upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because such waiver would allow the PIP Pilot Program to continue without interruption through July 18, 2008.¹⁵ Accordingly, the Commission designates the proposed

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

¹¹ 17 CFR 240.19b-4(f)(6)(iii).

¹² 17 CFR 240.19b-4(f)(6).

¹³ 17 CFR 240.19b-4(f)(6)(iii).

¹⁴ *Id.*

¹⁵ For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 In Amendment No. 1, BSE requested a waiver of the 30-day operative delay.

⁶ The Pilot Program is currently set to expire on July 18, 2007. See Securities Exchange Act Release No. 54066 (June 29, 2006), 71 FR 38434 (July 6, 2006) (SR-BSE-2006-24); See also Securities Exchange Act Release Nos. 52149 (July 28, 2005), 70 FR 44704 (August 3, 2005) (SR-BSE-2005-22); and 49068 (January 13, 2004), 69 FR 2775 (January 20, 2004) (SR-BSE-2002-15) (“Original PIP Pilot Program Approval Order”).

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

rule change operative upon filing with the Commission.

At any time within 60 days of the filing of such 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.¹⁶

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 Number SR-BSE-2007-27 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-BSE-2007-27. 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, 100 F Street, NE., Washington, DC 20549, on official business days

between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of 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-2007-27 and should be submitted on or before July 31, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E7-13309 Filed 7-9-07; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55976; File No. SR-CBOE-2003-41]

Self-Regulatory Organizations; Chicago Board Options Exchange Incorporated; Order Granting Approval of Proposed Rule Change as Modified by Amendment No. 4 To List and Trade Options on Corporate Debt Securities

June 28, 2007.

I. Introduction

On September 22, 2003, the Chicago Board Options Exchange Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to list and trade options on corporate debt securities ("CDSOs"). On March 1, 2003, CBOE filed Amendment No. 1 to the proposed rule change. CBOE filed Amendment No. 2 to the proposed rule change on August 24, 2005. CBOE filed Amendment No. 3 to the proposed rule change on May 26, 2006. On June 13, 2006, the proposed rule change, as amended by Amendment Nos. 1, 2, and 3, was published in the **Federal Register**.³ CBOE filed Amendment No. 4 on July 14, 2006.⁴ The Commission received one comment letter on the proposal.⁵

¹⁷ 17 CFR 200.30-3(a)(12).

¹⁵ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 53935 (June 2, 2006), 71 FR 34174.

⁴ In Amendment No. 4, CBOE made minor technical changes to the proposed rule text.

⁵ See Letter from Mary C.M. Kuan, Vice President and Assistant General Counsel, The Bond Market

On October 31, 2006, CBOE filed a response to the comment.⁶ This order approves the proposed rule change, as amended.

II. Description of the Proposed Rule Change

(a) Background

Over-the-counter ("OTC") transactions in corporate debt securities are publicly reported through the NASD's Trade Reporting and Compliance Engine ("TRACE") system. CBOE believes that the enhanced transparency created by TRACE has given rise to an OTC market in CDSOs, and that an exchange-traded alternative for such products may provide a useful risk management and trading vehicle for member firms and their customers.

CBOE believes that exchange-listed CDSOs would have three important advantages over similar options traded in the OTC market. First, as a result of greater standardization of contract terms, exchange-listed contracts should develop more liquidity. Second, counterparty credit risk would be mitigated because the contracts would be issued and guaranteed by The Options Clearing Corporation ("OCC"). Finally, the quotation and last-sale data provided by CBOE and its members would lead to more transparent markets. CBOE believes that offering CDSOs would create competition with the OTC market and expand the universe of listed products available to interested market participants.

(b) Listing Standards

The Exchange has proposed CBOE Rules 5.3.10 and 5.4.14 for the initial listing and continued maintenance standards, respectively, for CDSOs. The Exchange proposes that for initial listing, a CDSO must satisfy the following criteria:

- The original public sale of a corporate debt security on which options transactions will be effected on the Exchange shall be at least a \$250,000,000 principal amount.
- Trading volume (in all markets in which the underlying corporate debt security is traded) has been at least \$100,000,000 in notional value over the preceding six months.
- The corporate debt security has a minimum aggregate par value or "float" of \$200,000,000.

Association ("TBMA"), to Nancy M. Morris, Secretary, Commission, dated August 25, 2006 ("TBMA Letter").

⁶ See Letter from Angelo Evangelou, Assistant Secretary, CBOE, to Ronesha Butler, Special Counsel, Commission, dated October 25, 2006 ("Response").

¹⁶ The effective date of the original proposed rule is June 26, 2007. The effective date of Amendment No. 1 is June 27, 2007. For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on June 27, 2007, the date on which the BSE submitted Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).