non-U.S. components, the proposed 60-second standard reflects limitations, in some instances, on the frequency of intra-day trading information with respect to foreign country securities and the fact that in many cases, trading hours for overseas markets overly only in part, or not at all, with the Exchange's trading hours. In addition, if an index or portfolio value does not change during some or all of the period when the derivative securities product trades on the Exchange, the last official calculated index value will remain available throughout Exchange trading hours. The Commission believes that such 60-second standard relating to the dissemination of the value of an index composed, at least in part, of foreign securities should apply to Index-Linked Securities as well as ETFs and finds that the Exchange's proposal is consistent with the Act on the same basis that it approved the other exchange's generic listing standards for ETFs based on international or global indexes.[8] In addition, the Commission notes that it has approved substantively identical dissemination requirements for Index-Linked Securities listed on another national securities exchange.[9]

The Commission finds good cause for approving the proposed rule change before the 30th day after the date of publication of notice of filing thereof in the **Federal Register**. The Commission notes that the proposal is substantively identical to a proposed rule change that the Commission approved for another national securities exchange.[10] In addition, the Commission believes that accelerated approval of the proposed rule change, which clarifies the dissemination of the value of the index underlying an issue of Index-Linked Securities, should promote the continued listing and trading of Index-Linked Securities to the benefit of investors. Therefore, the Commission finds good cause, consistent with section 19(b)(2) of the Act, to approve the proposed rule change on an accelerated basis.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,[11] that the proposed rule change (SR-Amex-2008–04) is approved on an accelerated basis.

[8] See, *e.g.*, Securities Exchange Act Release Nos. 55269 (February 9, 2007), 72 FR 7490 (February 15, 2007) (SR–NASDAQ–2006–050); 55113 (January 17, 2007), 72 FR 3179 (January 24, 2007) (SR–NYSE–2006–101); and 54739 (November 9, 2006), 71 FR 66993 (November 17, 2006) (SR–Amex–2006–78).

[9] *See* Securities Exchange Act Release No. 57389 (February 27, 2008), 73 FR 11973 (March 5, 2008) (SR–NYSEArca–2008–06).

[10] *Id.*

[11] 15 U.S.C. 78s(b)(2).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[12]

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E8–5429 Filed 3–18–08; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–57494; File No. SR–CBOE–2008–21]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify the Cut-Off Time for the Submission of Strategy Orders During the Modified HOSS Opening Procedure

March 13, 2008.

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 March 11, 2008, 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 and II below, which Items have been substantially prepared by CBOE. The Exchange has filed the proposal as a ''non-controversial'' rule change pursuant to section 19(b)(3)(A) of the Act[3] and Rule 19b–4(f)(6) thereunder,[4] which renders it 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

CBOE proposes to modify the cut-off time for the submission of index option orders for participation in the modified Hybrid Opening System (''HOSS'') opening related to a position in, or a trading strategy involving, volatility index options or futures. The text of the proposed rule change is available at CBOE, the Commission's Public Reference Room, and *http://www.cboe.org/legal.*

[12] 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).

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

In its filing with the Commission, CBOE 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. CBOE 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 settlement date for volatility index options and futures contracts is on the Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the month in which the applicable volatility index options or futures contract expires.[5] On these settlement days, CBOE Rule 6.2B.01 provides for a modified HOSS opening procedure only in those index option series (i) that are Hybrid 3.0 classes, and (ii) whose prices are used to calculate a volatility index on which an option or future is traded.[6] Currently, the only index options used to calculate a volatility index that trade on the Hybrid 3.0 platform are S&P 500 Index (''SPX'') options, which began trading on that platform on September 25, 2007. Specifically, SPX options are used to calculate the CBOE Volatility Index (''VIX'').

Under current Rule 6.2B.01, all index option orders for participation in the modified HOSS opening procedure that are related to positions in, or a trading strategy involving, volatility index options or futures (''Strategy Orders'') and any change to or cancellation of any such Strategy Order must be received prior to 8 a.m. (CT) (subject to a limited exception for errors). The cut-off time for the entry of non-Strategy Orders on volatility index settlement days is established on a class-by-class basis, provided the cut-off time is no earlier than 8:25 a.m. (CT) and no later than the

[5] If the third Friday of the month subsequent to expiration of the applicable volatility index options or futures contract is a CBOE holiday, the final settlement date for the respective contract shall be thirty days prior to the CBOE business day immediately preceding that Friday.

[6] The normal HOSS opening procedure is used on all other days in those index options and on the volatility index options and futures settlement date in all contract months whose prices are not used to calculate the applicable volatility index.

opening of trading in the option series.[7] Any imbalance of contracts to buy over contracts to sell in the applicable index option series, or vice versa, as indicated on the electronic book, as well as expected opening prices and sizes are published in a snapshot form on the CBOE and CBOE Futures Exchange (''CFE'') Web sites as soon as practicable up through the opening bell on settlement days when the modified HOSS opening procedure is utilized. They are also currently continually disseminated on the Hybrid trading system.

An example of a Strategy Order includes a market participant who places SPX option orders on the book prior to the opening of trading on the settlement date for VIX futures to unwind hedge strategies involving SPX options. In particular, a commonly used hedge for VIX futures involves holding a portfolio of SPX options that will be used to calculate the settlement value of the VIX futures contract on the settlement date. The Exchange has observed that traders holding hedged VIX futures positions to settlement tend to trade out of their SPX options on VIX settlement days.[8]

Recently, the Exchange has received requests from market participants to extend the cut-off time for the entry of Strategy Orders on volatility index settlement days. Market participants have explained that because Strategy Orders cannot be modified or cancelled after 8 a.m. (CT) (except for errors), they are exposed to risk associated with market movements between 8 a.m. (CT) and the opening bell, which is after 8:30 a.m. (CT), and in the case of such market movements, may be unable to obtain convergence with the VIX futures final settlement value.

Specifically, the final value to which VIX futures settle is calculated using the opening prices of constituent SPX options: Out-of-the-money puts and calls that have non-zero bid prices. The Exchange determines whether a particular option series is ''out-of-the-money'' by reference to an ''at-the-money'' index strike price (K_0); put series with strike prices below K_0 and call series with strike prices above K_0 are considered constituent SPX options, provided that these series have non-zero bid prices. Both the put and call series with strike price K_0 are also considered constituent options. As the market moves, and the K_0 strike price changes, the constituent SPX options will also change. For example, at 8 a.m. (CT), suppose K_0 is deemed to be 1350. Market participants would be expected to enter Strategy Orders for SPX put series with strike prices of 1350 and lower, and SPX call series with strike prices of 1350 and higher. Now suppose that the market moved after 8 a.m. (CT) and the K_0 strike price changed to 1325. In order to obtain convergence with the SPX option hedge and the VIX futures final settlement value, market participants would need to change certain of their resting Strategy Orders to reflect the new set of constituent SPX options. Specifically, resting Strategy Orders for put series with strike prices between 1325 and 1350 would need to be cancelled and replaced by Strategy Orders for call series with strike prices between 1325 and 1350.

In response, the Exchange believes that it is appropriate to eliminate a specific cut-off time for Strategy Orders and instead provide that the cut-off time may be established by the Exchange on a class-by-class basis, provided that the established cut-off time cannot be set earlier than 8 a.m. (CT) or later than the opening of trading in the option series for which the modified HOSS opening procedure is utilized. The amended rule text also provides that pronouncements regarding changes to the established Strategy Order cut-off time would be announced to the membership via a Regulatory Circular that is issued at least one day prior to implementation. As proposed, the instant rule change builds flexibility into the rule to allow for future modifications to the applicable Strategy Order cut-off time, which may be appropriate in the future as technology improves and processes become more automated. In addition, the proposed rule provisions regarding the cut-off time for Strategy Orders are consistent with current rule provisions regarding the cut-off time for non-Strategy Orders in that both sets of provisions are structured to permit the Exchange to designate a cut-off time within a particular time range to permit the Exchange to adjust the cut-off time as circumstances evolve.[9]

In support of this change, the Exchange notes that since the 8 a.m. (CT) cut-off time for Strategy Orders was first established in 2005, the trading system for receiving, processing, and matching orders during the opening process has become much more automated.[10] Also, order imbalances are now published on the Hybrid trading system and are thus more widely disseminated. For example, before SPX options traded on the Hybrid 3.0 platform, order imbalances were only visible to market participants in the trading crowd and in snapshots on the CBOE and CFE Web sites. Now imbalances are also continually disseminated prior to the opening of trading through the Hybrid trading system. As a result of the enhanced trading system, it no longer takes as much time for information regarding order imbalances to reach market participants, and market participants can react to those order imbalances sooner by placing offsetting orders. Accordingly, there does not appear to be a need to have Strategy Orders submitted as early as is the case currently, and the Exchange expects to move the Strategy Order cut-off time to a later time. However, if the Exchange learns from experience that the cut-off time needs to be adjusted further to be earlier or later within the time range between 8 a.m. (CT) and the opening of trading to provide for an optimal opening process, the proposed rule will provide the Exchange with the flexibility to do that.

2. Statutory Basis

Because the proposed modification to the cut-off time for Strategy Orders on volatility index settlement days will permit the Exchange to provide market participants with additional time to enter Strategy Orders, is designed to better enable market participants to meet their trading objectives (*e.g.*, obtain convergence with the VIX futures final settlement value), and provides the Exchange with the ability to continue to provide market participants with time to respond to order imbalances, the Exchange believes the rule proposal is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, the requirements of section 6(b) of the Act.[11] Specifically, the Exchange believes that the proposed rule change is consistent with section

[7] *See* CBOE Rule 6.2B.01(c)(iv).

[8] The Exchange originally proposed a cut-off time for the entry of Strategy Orders to provide market participants with time to review order imbalances and to place off-setting orders in the book, thereby encouraging additional market participation in the applicable index option opening which improves the settlement value calculation. *See* Securities Exchange Act Release No. 52367 (August 31, 2005), 70 FR 53401 (September 8, 2005) (SR–CBOE–2004–86). In order to strike the appropriate balance between maintaining a time period for market participants to respond to order imbalances and providing traders seeking convergence with additional time to enter Strategy Orders, the Exchange is currently proposing to modify the cut-off time for the entry of Strategy Orders as described more fully herein.

[9] *See* Rule 6.2B.01(c)(iv); *see also* Securities Exchange Act Release No. 54275 (August 4, 2006), 71 FR 45866 (August 10, 2006) (SR–CBOE–2006–61).

[10] *See supra* note 8.

[11] 15 U.S.C. 78f(b).

6(b)(5) of the Act,[12] which requires that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and, in general, to protect investors and the public interest. In addition, the Exchange notes that the proposal which established the current rule provision governing the cut-off time for non-Strategy Orders (which permits the Exchange to designate a cut-off time within a particular time range) was designated by the Commission to be effective and operative upon filing.[13]

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

CBOE 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

Written comments on the proposed rule change were neither solicited nor received.

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

Because the foregoing rule change does not: (1) Significantly affect the protection of investors or the public interest; (2) impose any significant burden on competition; and (3) become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, it has become effective pursuant to section 19(b)(3)(A) of the Act[14] and Rule 19b–4(f)(6) thereunder.[15]

A proposed rule change filed under 19b–4(f)(6) normally may not become operative prior to 30 days after the date of filing.[16] However, Rule 19b–4(f)(6)(iii)[17] permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because such waiver will allow market participants to receive the benefits of the proposed rule change prior to the next settlement date when the modified HOSS opening procedure will be utilized, which will be on Wednesday, March 19, 2008. For this reason, the Commission designates the proposed rule change to be operative upon filing with the Commission.[18]

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.

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–CBOE–2008–21 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–CBOE–2008–21. 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 the 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 available publicly. All submissions should refer to File Number SR–CBOE–2008–21 and should be submitted on or before April 9, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E8–5520 Filed 3–18–08; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–57484; File No. SR–ISE–2008–11]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Cross Orders

March 12, 2008.

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 February 26, 2008, the International Securities Exchange, LLC (''ISE'' 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 ISE. The ISE has designated the proposed rule change as ''non-controversial'' under Section 19(b)(3)(A)(iii)[3] of the Act 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

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[12] 15 U.S.C. 78f(b)(5).

[13] *See supra* note 9.

[14] 15 U.S.C. 78s(b)(3)(A).

[15] 17 CFR 240.19b–4(f)(6).

[16] 17 CFR 240.19b–4(f)(6)(iii). In addition, Rule 19b–4(f)(6)(iii) requires that a self-regulatory organization submit to the Commission 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 of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied the five-day pre-filing notice requirement.

[17] *Id.*

[18] For the purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[19] 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)(iii).

[4] 17 CFR 240.19b–4(f)(6).