

or otherwise in furtherance of the purposes of the Act.

NYSE Arca has asked the Commission to waive the five-day pre-filing notice requirement and the 30-day operative delay. The Commission believes such waivers are consistent with the protection of investors and the public interest because they would permit the Exchange to codify the proposed clarifications without further delay.<sup>11</sup> For this reason, the Commission designates the proposal to be operative upon filing with the Commission.

#### 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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2007-29 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-NYSEArca-2007-29. 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 NYSE Arca.

<sup>11</sup> For purposes only of waiving the 30-day pre-operative period, the Commission has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

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-NYSEArca-2007-29 and should be submitted on or before May 1, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55579; File No. SR-OCC-2007-02]

### Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to Rate-Modified Foreign Currency Options

April 4, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on March 5, 2007, The Options Clearing Corporation ("OCC") 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 primarily by OCC. The Commission is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposal.

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

The proposed rule change will allow OCC to clear and settle rate-modified foreign currency options ("Rate-Modified FCOs") which have been proposed and approved for trading by the International Securities Exchange ("ISE").<sup>2</sup>

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

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

<sup>2</sup> Securities Exchange Act Release No. 55575 (April 3, 2007) (File No. SR-ISE-2006-59). For notice of the proposal, see Securities Exchange Act Release No. 55336 (February 23, 2007), 72 FR 9364 (March 1, 2007).

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

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>3</sup>

##### (A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of this rule change is to accommodate a request from ISE that OCC clear and settle Rate-Modified FCOs. OCC's By-Laws and Rules currently provide for the clearance and settlement of cash-settled foreign currency options ("Cash-Settled FCOs").<sup>4</sup> However, unlike the Cash-Settled FCOs currently covered by OCC's By-Laws and Rules, the underlying interest for Rate-Modified FCOs is stated in terms of the exchange rate between a "currency pair," one of which may be the U.S. dollar or both of which may be non-U.S. currencies, as modified by a "rate modifier" determined by ISE.

The rate modifier for Rate-Modified FCOs is selected so that the underlying modified rate looks similar to an index. The exchange rates underlying Rate-Modified FCOs may or may not be stated in the same way that they are conventionally quoted in the spot market. For example, exchange rates between the U.S. dollar and the euro are generally quoted as dollars per euro on the spot market, but the rate modifying a Rate-Modified FCO could be stated as euros per dollar. The number by which the exchange rate is multiplied to determine the modified rate for a particular class of options will be 1, 10 or 100 depending on the level of the exchange rate in question.

For purposes of determining an exercise settlement amount, Rate-Modified FCOs would use a multiplier

<sup>3</sup> The Commission has modified parts of these statements.

<sup>4</sup> The Commission recently approved a proposed rule change filed by OCC to accommodate Cash-Settled FCOs traded on the Philadelphia Stock Exchange ("Phlx"). Securities Exchange Act Release No. 54935 (December 13, 2006), 71 FR 76417 (December 20, 2006) (File No. SR-OCC-2006-10). The rule changes that were made with respect to the Phlx Cash-Settled FCOs will also apply to Rate-Modified FCOs.

of \$100 (*i.e.*, the exercise settlement amount will be the difference between the strike price and the exercise settlement value of the underlying modified rate times the multiplier). The multiplier, which always has a value of \$100, is not the same thing as the rate modifier. Similarly, premium quotations would be multiplied by \$100 to obtain the aggregate premium amount for a single option.

The exercise settlement amount for Rate-Modified FCOs will be based on the noon buying rates for the underlying currencies as published by the Federal Reserve Bank of New York. If the Federal Reserve Bank does not publish a noon buying rate for a particular currency pair, ISE will use a rate obtained by a market data vendor. OCC will ordinarily look to ISE to supply the final value of the underlying for exercise settlement purposes, but OCC will retain its customary authority to set a value if none is available from ISE. Trading of Rate-Modified FCOs will ordinarily cease at 12:00 noon Eastern Time on the business day before the expiration date.

Rate-Modified FCOs are to be European style and will expire on the Saturday following the third Friday of the expiration month. Rate-Modified FCOs will have up to three near-term expiration months followed by three calendar quarter-end expiration months.

To accommodate Rate-Modified FCOs, OCC is proposing to add or modify certain defined terms in Article XXII of the By-Laws. Definitions of "multiplier," "rate-modified foreign currency options," "underlying currency pair," and "underlying modified rate" will be added, and the definitions of "call," "exercise price," "exercise settlement amount," "premium," "put," "reporting authority," "series of options" and "spot price" will be amended to reflect the use of a modified exchange rate as the underlying interest for Rate-Modified FCOs. In addition, Section 5 of Article XXII of the By-Laws relating to the time for determination of the spot price will be amended for clarification. OCC will delete the definition of "aggregate exercise price," which is no longer used in OCC's By-Laws or Rules with respect to Cash-Settled FCOs.

The introduction to Chapter XXIII of the Rules will be amended to make a non-substantive change to conform to the terminology in Article XXII of the By-Laws.

The proposed rule change is consistent with Section 17A of the Act because it is designed to promote the prompt and accurate clearance and settlement of transactions in Rate-

Modified FCOs by applying the same basic rules and procedures to such options as are applied to other cash-settled foreign currency options. The proposed rule change is not inconsistent with the existing rules of OCC, including those rules proposed to be amended.

*(B) Self-Regulatory Organization's Statement on Burden on Competition*

OCC does not believe that the proposed rule change would impose any burden on competition.

*(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

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

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions.<sup>5</sup> The purpose of the proposed rule change is to amend OCC's By-Laws and Rules so that OCC may clear and settle the new Rate-Modified FCO product to be listed and traded on ISE. Accordingly, the proposed rule change should promote the prompt and accurate clearance and settlement of securities transactions.

OCC has requested that the Commission approve the proposed rule prior to the thirtieth day after publication of the notice of the filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the publication of notice because such approval will allow ISE to commence trading of Rate-Modified FCOs without any unnecessary delay.

**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>5</sup> 15 U.S.C. 78q-1(b)(3)(F).

Number SR-OCC-2007-02 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-OCC-2007-02. 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 Section, 100 F Street, NE., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of OCC and on OCC's Web site at <http://www.optionsclearing.com>.

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-OCC-2007-02 and should be submitted on or before May 1, 2007.

**V. Conclusion**

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.<sup>6</sup>

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-OCC-2007-02) be and hereby is approved.

<sup>6</sup> In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Florence E. Harmon,**  
*Deputy Secretary.*

[FR Doc. E7-6668 Filed 4-9-07; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55582; File No. SR-ODD-2007-01]

### Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Approval of Accelerated Delivery of Supplement to the Options Disclosure Document Reflecting Certain Changes to Disclosure Regarding Rate-Modified Cash-Settled Foreign Currency Options

April 4, 2007.

On March 13, 2007, The Options Clearing Corporation (“OCC”) submitted to the Securities and Exchange Commission (“Commission”), pursuant to Rule 9b-1 under the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> five preliminary copies of a supplement to its options disclosure document (“ODD”) reflecting certain changes to disclosure regarding rate-modified cash-settled foreign currency options (“Rate-Modified FCOs”).<sup>2</sup> On April 3, 2007, the OCC submitted to the Commission five definitive copies of the supplement.<sup>3</sup>

The ODD currently provides general disclosures on the characteristics and risks of trading standardized options. Recently, an options exchange amended its rules to permit the listing and trading of Rate-Modified FCOs.<sup>4</sup> The proposed supplement, which supersedes and replaces the January 2007 Supplement to the ODD,<sup>5</sup> provides disclosure on the characteristics of non-rate modified cash-settled foreign currency options (“Non-Rate Modified FCOs”) and adds new disclosure on the characteristics of Rate-Modified FCOs.

In addition to providing new disclosure on the characteristics of Rate-

Modified FCOs, the proposed supplement to the ODD also reorganizes the January 2007 Supplement to distinguish disclosures regarding Non-Rate Modified FCOs from Rate-Modified FCOs, as well as providing a separate heading for certain disclosures pertaining to all dollar-denominated cash-settled foreign currency options. Further, the proposed supplement adds new clarification regarding exercise settlement values of Rate-Modified FCOs. The proposed supplement is intended to be read in conjunction with the more general ODD, which, as described above, discusses the characteristics and risks of options generally.<sup>6</sup>

Rule 9b-1(b)(2)(i) under the Act<sup>7</sup> provides that an options market must file five copies of an amendment or supplement to the ODD with the Commission at least 30 days prior to the date definitive copies are furnished to customers, unless the Commission determines otherwise, having due regard to the adequacy of information disclosed and the public interest and protection of investors.<sup>8</sup> In addition, five copies of the definitive ODD, as amended or supplemented, must be filed with the Commission not later than the date the amendment or supplement, or the amended options disclosure document, is furnished to customers. The Commission has reviewed the proposed supplement and finds, having due regard to the adequacy of information disclosed and the public interest and protection of investors, that the proposed supplement may be furnished to customers as of the date of this order.

It is therefore ordered, pursuant to Rule 9b-1 under the Act,<sup>9</sup> that definitive copies of the proposed supplement to the ODD (SR-ODD-2007-01), reflecting disclosure regarding Non-Rate Modified FCOs and adding disclosure regarding Rate-Modified FCOs, may be furnished to customers as of the date of this order.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Florence E. Harmon,**  
*Deputy Secretary.*

[FR Doc. E7-6709 Filed 4-9-07; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55569; File No. SR-Phlx-2007-031]

### Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Remove References to Intermarket Trading System (“ITS”) Plan

April 2, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 27, 2007, the Philadelphia Stock Exchange, Inc. (“Phlx” 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 substantially by the Exchange.

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

The Exchange is proposing to amend Phlx Rules 452 and 607 and the XLE Fee Schedule to remove references to the Intermarket Trading System (“ITS”) Plan and to delete Phlx Rules 2000-2002, which implemented the ITS Plan trading rules on the Exchange.

The text of the proposed rule change is available at Phlx, the Commission’s Public Reference Room and <http://www.phlx.com>.

#### 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 Phlx has prepared summaries, set forth in Sections A, B, and C below, of the

<sup>7</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 17 CFR 240.9b-1.

<sup>2</sup> See letter from Jean M. Cawley, First Vice President and Deputy General Counsel, OCC, to Sharon Lawson, Senior Special Counsel, Division of Market Regulation (“Division”), Commission, dated March 5, 2007.

<sup>3</sup> See letter from Jean M. Cawley, First Vice President and Deputy General Counsel, OCC, to Sharon Lawson, Senior Special Counsel, Division, Commission, dated April 3, 2007.

<sup>4</sup> See Securities Exchange Act Release No. 55575 (April 3, 2007) (approving File No. SR-ISE-2006-59).

<sup>5</sup> See Securities Exchange Act Release No. 55035 (December 29, 2006), 72 FR 1358 (January 11, 2007) (SR-ODD-2006-01) (“January 2007 Supplement”).

<sup>6</sup> The Commission notes that the options markets must continue to ensure that the ODD is in compliance with the requirements of Rule 9b-1(b)(2)(i) under the Act, 17 CFR 240.9b-1(b)(2)(i), including when future changes are made regarding Non-Rate Modified FCOs and Rate-Modified FCOs. Any future changes to the rules of the options markets would need to be submitted to the Commission under Section 19(b) of the Act. 15 U.S.C. 78s(b).

<sup>7</sup> 17 CFR 240.9b-1(b)(2)(i).

<sup>8</sup> This provision permits the Commission to shorten or lengthen the period of time which must elapse before definitive copies may be furnished to customers.

<sup>9</sup> 17 CFR 240.9b-1.

<sup>10</sup> 17 CFR 200.30-3(a)(39).

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

<sup>2</sup> 17 CFR 240.19b-4.