

in either 40 Hybrid 2.0 Classes (if a market-Maker owns a membership) or 30 Hybrid 2.0 Classes (if the market-Maker leases a membership) is necessary since the average number of Hybrid 2.0 Classes in a trading crowd is 14.9, and the highest number of Hybrid 2.0 Classes in one trading crowd is 28.

2. Statutory Basis

The Exchange believes the proposed rule change, as amended, is consistent with the Act and the rules and regulations under the Act applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act.⁸ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) Act⁹ requirements 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.

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

CBOE does not believe that the proposed rule change, as amended, will impose any burden on competition 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 neither solicited nor received comments on the proposal.

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

Because the foregoing rule does not (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, provided that the Exchange has given the Commission written notice of its intent to file the proposed rule change prior to the date of filing of the proposed rule change or such shorter time as designated by the Commission, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹

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.¹²

Under Rule 19b-4(f)(6)(iii) of the Act,¹³ the proposal does not become operative for 30 days after the date of its filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The Exchange has requested that the Commission accelerate the 30-day operative date. The Commission, consistent with the protection of investors and the public interest, has determined to accelerate the 30-day operative date because the proposal does not raise any unique regulatory issues.¹⁴

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-CBOE-2006-13 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-2006-13. 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. Copies of such filing also will be available for inspection and copying at the principal office of the 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-2006-13 and should be submitted on or before March 22, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁵

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53351; File No. SR-CHX-2006-06]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto To Incorporate Certain Examination Fees

February 22, 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 February 8, 2006, the Chicago Stock Exchange, Inc. ("CHX" 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 CHX. On February 17, 2006, the CHX filed Amendment No. 1 to the proposed rule change.³ The CHX filed the proposal pursuant to Section 19(b)(3)(A)(ii) of the

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Exchange clarified the scope of the Series 7A Examination fee in the proposed rule text and made minor technical changes with respect to the purpose of the proposal.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6).

¹² For purposes of calculating the 60-day abrogation date, the Commission considers the 60-day period to have commenced on February 17, 2006, the date CBOE filed Amendment No. 1.

¹³ 17 CFR 240.19b-4(f)(6)(iii).

¹⁴ For purposes only of accelerating the 30-day operative period for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

Act⁴ and Rule 19b-4(f)(2) thereunder,⁵ which renders the proposal effective upon filing with the Commission. 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 CHX proposes to amend its Participant Fees and Credits schedule (the "Fee Schedule") to incorporate the fees charged by the National Association of Securities Dealers, Inc. ("NASD") for examinations that certain CHX participants must successfully complete. Below is the text of the proposed rule change. Proposed new language is in *italics*.

PARTICIPANT FEES AND CREDITS

* * * * *

K. Market Regulation and Market Surveillance Fees

* * * * *

FEES FOR NASD-PROVIDED SERVICES [Paid directly to NASD]

Continuing Education Regulatory Element (Effective January 1, 2006)	\$75.00
Series 7 Examination	250.00
Series 7A Examination (includes NYSE development fee)	250.00
Series 27 Examination	95.00

* * * * *

The text of the proposed rule change, as amended, is also available on the Exchange's Internet Web site (http://www.chx.com/rules/proposed_rules.htm), at the principal office of the Exchange, 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 CHX 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 CHX 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

Under the Exchange's rules, certain CHX Participants⁶ must successfully complete the Series 7, 7A, or 27 examinations, which are administered by the NASD. Specifically, a Participant, or a person associated with a Participant, must successfully complete the Series 7 examination if he or she (1) accepts orders on the Exchange's trading floor from a non-broker-dealer customer; or (2) engages in proprietary or agency trading of equities, preferred securities, or convertible debt securities, in a location away from the Exchange's trading floor on behalf of a firm for which the Exchange is the Designated Examining Authority.⁷ Similarly, a Participant must complete the Series 7A examination if he or she accepts orders directly from a professional customer for execution on the Exchange's trading floor.⁸ Finally, a person who is associated with a Participant Firm that is a "Joint Back Office Participant"⁹ and who is designated as a financial and operations principal for that firm must complete the Series 27 examination.¹⁰ Through this filing, the Exchange proposes to incorporate into the Exchange's Fee Schedule the fees that Exchange Participants must pay the NASD for these examinations.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b) of the Act,¹¹ in general, and furthers the

⁶ "Participant" means any holder of a Trading Permit. A Participant shall be considered a "member" of the Exchange for purposes of the Act. If a Participant is not a natural person, the Participant may also be referred to as a "Participant Firm," but unless the context requires otherwise, the term Participant shall refer to an individual Participant and/or a Participant Firm. See CHX Article I, Rule 1(l).

⁷ See CHX Article VI, Rule 3, Interpretation and Policy .01(d) and .02.

⁸ See CHX Article VI, Rule 3, Interpretation and Policy .01(d). For purposes of this requirement, a "professional customer" includes a bank, trust company, insurance company, investment trust, a state or political subdivision thereof, a charitable or nonprofit educational institution regulated under the laws of the United States or any state, a pension or profit sharing plan subject to ERISA or of any agency of the United States or of a state or political subdivision thereof, or any person (other than a natural person) who has, or who has under management, net tangible assets of at least sixteen million dollars. *Id.*

⁹ See CHX Article XI, Rule 3A(a) (defining requirements for Joint Back Office Participants).

¹⁰ See CHX Article VI, Rule 3, Interpretation and Policy .01(e).

¹¹ 15 U.S.C. 78f(b).

objectives of Section 6(b)(4) of the Act,¹² in particular, because it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among members of the Exchange. The proposal confirms that Exchange Participants must pay the NASD for examinations that such Participants must successfully complete under the Exchange rules.

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

The CHX has neither solicited nor received written comments on the proposed rule change.

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 Act¹³ and Rule 19b-4(f)(2)¹⁴ thereunder. Accordingly, the proposed rule change is effective upon filing with the Commission. At any time within 60 days of the filing of the 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.¹⁵

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:

¹² 15 U.S.C. 78f(b)(4).

¹³ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁴ 17 CFR 19b-4(f)(2).

¹⁵ The effective date of the original proposed rule change is February 8, 2006, and the effective date of Amendment No. 1 is February 17, 2006. 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 such period to commence on February 17, 2006, the date on which the Exchange filed Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

⁵ 17 CFR 240.19b-4(f)(2).

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 No. SR-CHX-2006-06 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 No. SR-CHX-2006-06. 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 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 No.

SR-CHX-2006-06 and should be submitted on or before March 22, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Nancy M. Morris,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53345; File No. SR-ISE-2006-10]

Self-Regulatory Organizations; International Securities Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Extension of a Pilot Period To Increase Position Limits and Exercise Limits for Equity Options and Options on the Nasdaq-100 Tracking Stock

February 22, 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 February 7, 2006, the International Securities Exchange, Inc. ("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 prepared by the ISE. The Exchange has filed the proposal 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 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

The ISE proposes to extend the time period for the ISE Rule 412 and ISE Rule 414 position and exercise limits pilot program for equity option contracts and options on the Nasdaq-100 Index Tracking Stock ("QQQQ") ("Pilot Program"). The text of the proposed rule change is available on the ISE's Web site (<http://www.iseoptions.com>), at the ISE'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 ISE 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 Pilot Program provides for an increase to the standard position and exercise limits for equity option contracts and for options on QQQQs.⁵ The Pilot Program, after being extended on a prior occasion, is set to expire on February 23, 2006.⁶ Specifically, the Pilot Program increased the applicable position and exercise limits for equity options and options on the QQQQ to the following levels:

Current equity option contract limit ⁷	Pilot program equity option contract limit
13,500	25,000
22,500	50,000
31,500	75,000
60,000	200,000
75,000	250,000
Current QQQQ option contract limit	Pilot program QQQQ option contract limit
300,000	900,000

¹⁶ 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. 51295 (March 2, 2005), 70 FR 11292 (March 8, 2005) (notice of filing and immediate effectiveness of SR-ISE-2005-14) ("Pilot Program Notice").

⁶ See Securities Exchange Act Release No. 52265 (August 15, 2005), 70 FR 48996 (August 22, 2005) (notice of filing and immediate effectiveness of SR-ISE-2005-39).