rebuilding of PROCTOR®.[7] At its September 2005 meeting, the Council voted unanimously to increase the Regulatory Element session fee from $60 to $75, effective January 1, 2006, in order to meet costs and maintain an adequate reserve in 2006.

The proposed implementation date is January 1, 2006.

2. Statutory Basis

The CBOE believes the proposed rule change is consistent with section 6(b) of the Act,[8] in general, and furthers the objectives of sections 6(b)(4)[9] and 6(b)(5)[10] of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among CBOE members and other persons using its facilities, and that CBOE rules must be 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. CBOE believes that the proposed rule change is designed to accomplish these ends by enabling the Program to be maintained on a revenue neutral basis while maintaining adequate reserves for unanticipated future expenditures.

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

CBOE 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

The foregoing rule change has become effective pursuant to section 19(b)(3)(A)(ii) of the Act[11] and Rule 19b–4(f)(2) thereunder,[12] because it establishes or changes a due, fee, or other charge imposed by the CBOE. Accordingly, the proposal will take effect 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.

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–2005–108 on the subject line.

Paper Comments

• Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–9303.

All submissions should refer to File Number SR–CBOE–2005–108. 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 the filing also will be available for inspection and copying at the principal offices 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–2005–108 and should be submitted on or before January 19, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[13]

Jonathan G. Katz,

Secretary.

[FR Doc. E5–8063 Filed 12–28–05; 8:45 am]

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[7] PROCTOR® is a technology system that supports computer-based testing and training. The Regulatory Element program uses PROCTOR® to package content, deliver, score and report results, and maintain and generate statistical data related to the Program.

[8] 15 U.S.C. 78f(b).

[9] 15 U.S.C. 78f(b)(4).

[10] 15 U.S.C. 78f(b)(5).

[11] 15 U.S.C. 78s(b)(3)(A)(ii).

[12] 17 CFR 240.19b–4(f)(2).

[13] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–53007; File No. SR–ISE–2005–48]

Self-Regulatory Organizations; International Securities Exchange, Inc.; Order Granting Approval of a Proposed Rule Change and Amendments Nos. 1 and 2 Thereto Relating to Market Maker Quote Interaction

December 22, 2005.

I. Introduction

On October 3, 2005, the International Securities Exchange, Inc. (''ISE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission''), 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 amend ISE Rule 804(d) regarding a delay of up to one second before two market maker quotations interact. On October 21, 2005, the ISE submitted Amendment No. 1 to the proposed rule change.[3] On November 3, 2005, the ISE submitted Amendment No. 2 to the proposed rule change.[4] The proposed rule change and Amendments No. 1 and 2 were published for comment in the **Federal Register** on November 10, 2005.[5] The Commission received no comments on the proposal. This order approves the proposed rule change, as amended.

II. Description

Currently, ISE Rule 804(d) provides for a one-second delay before the quotations of ISE market makers

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Form 19b–4 dated October 21, 2005, which replaced the original filing in its entirety (''Amendment No. 1'').

[4] *See* partial amendment dated November 3, 2005, which corrected a minor omission in the current rule text and a typographical error in the filing (''Amendment No. 2'').

[5] Securities Exchange Act Release No. 52729 (November 3, 2005), 70 FR 68485 (''Notice'').

interact.[6] As noted in SR–ISE–2004–24, the ISE treats orders and quotations differently, with ISE Rule 804(a) stating that only market makers may enter quotations on the ISE. Market makers use quotations to input and update prices on multiple series of options at the same time. Quotations generally are based on pricing models that rely on various factors, including the price and volatility of the underlying security. The ISE stated that as these variables change, a market maker's pricing model automatically updates quotations for some or all of an option's series. In contrast, an order is an interest to buy a stated number of contracts of one specific options series. The ISE noted that all ISE members, including ISE market makers, can enter orders.[7]

According to the ISE, the purpose of the one-second delay was to allow a market maker to update its quotations to reflect price changes in an underlying stock before another market maker's quotation could ''hit'' the updating market maker's quotation. In SR–ISE–2004–24, the ISE represented that it promptly processes quotation updates when it receives them, but that there is invariably a lag between the time the underlying stock price first changes and the time by which the ISE can process all the corresponding quotation changes. In SR–ISE–2004–24, the ISE also stated its belief that the one-second delay would allow the ISE the time to process quotation updates, without effecting multiple executions during the update process. In the Notice, the ISE noted, however, that the one-second delay may no longer be necessary as the ISE trading system and its market maker members' quoting systems continue to advance technologically. Accordingly, the ISE proposes an amendment to ISE Rule 804(d) to give the ISE the flexibility to remove the one-second delay. In making a determination to remove the one-second delay, the ISE stated that it would take into consideration input from its market maker members, particularly through the ISE's Market Maker Advisory Committee. The ISE also noted that any change made to the one-second delay would be implemented on a uniform, market-wide basis (as opposed to, for example, a class-by-class basis). Further, the ISE stated that it would inform its members of any changes made to the one-second delay by distributing a Regulatory Information Circular prior to the implementation of any such change.

[6] *See* Securities Exchange Act Release No. 49931 (June 28, 2004), 69 FR 40696 (July 6, 2004) (''SR–ISE–2004–24'').

[7] ISE Rule 717 imposes various limitations on orders that Electronic Access Members may enter on the ISE, while ISE Rule 805 governs market maker orders.

III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange [8] and, in particular, the requirements of Section 6(b) of the Act [9] and the rules and regulations thereunder. Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,[10] in that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanisms of a free and open market and a national market system, and, in general, to protect investors and the public interest.

In SR–ISE–2004–24, the Commission noted the ISE's belief that, without the proposed one-second ''timer'' function, pricing inefficiencies would result on the Exchange, and ISE market makers would widen their quotations or limit size to avoid multiple executions against other market makers.[11] To the extent the ISE trading system and its market maker members' quoting systems continue to advance technologically to reduce the likelihood of market maker quotes interacting, the one-second delay may no longer be necessary. Accordingly, the Commission believes that granting the ISE the flexibility to remove the one-second delay in such circumstance is consistent with the Act. Additionally, the Commission believes that permitting the ISE to determine to reinstate the one-second delay also is consistent with the Act, if the reinstatement of the delay is necessary to avoid the interaction of market maker quotations. In determining whether to remove the one-second delay, the Commission understands that the ISE would consult with its market maker members, particularly through the Exchange's Market Maker Advisory Committee. Regardless of whether the ISE makes any changes to the one-second delay, the Commission notes that ISE market makers would be required to be firm for their quotations for the same size to customers and broker-dealer orders, including orders for the account of other ISE market makers.

[8] In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[9] 15 U.S.C. 78f(b).

[10] 15 U.S.C. 78f(b)(5).

[11] In connection with the approval of SR–ISE–2004–24, the Commission granted ISE's request for a limited exemption from Rule 602 of Regulation NMS under the Act (''Quote Rule''). Specifically, the Commission granted ISE market makers an exemption from their obligations under paragraph (c)(2) of the Quote Rule with respect to trades with matching ISE market maker quotations for no more than one second, provided that the quotations are locked or crossed for no more than one second, and that such ISE market maker is firm to all other customer and broker-dealer orders, including orders for the accounts of other ISE market makers. *See* letter from Robert Colby, Deputy Director, Division of Market Regulation, Commission, to Michael Simon, Senior Vice President and General Counsel, ISE, dated June 24, 2004.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[12] that the proposed rule change (SR–ISE–2005–48), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[13]

Jonathan G. Katz,

Secretary.

[FR Doc. E5–8071 Filed 12–28–05; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–53005; File No. SR–NASD–2005–147]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fees for NASD Members Using Nasdaq's INET Facility

December 22, 2005.

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 December 9, 2005, the National Association of Securities Dealers, Inc. (''NASD''), through its subsidiary, The Nasdaq Stock Market, Inc. (''Nasdaq''), 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 Nasdaq. Nasdaq has designated this proposal as one establishing or changing a due, fee, or other charge imposed by the self-regulatory organization under Section 19(b)(3)(A)(ii) [3] of the Act and Rule 19b–4(f)(2) thereunder,[4] which renders the proposal effective upon filing with the Commission. The Commission is

[12] 15 U.S.C. 78f(b)(2).

[13] 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)(ii).

[4] 17 CFR 240.19b–4(f)(2).