

on-site inspection. The proposed criteria should provide a more uniform standard for firms seeking an exemption from the annual branch office inspection.

Furthermore, the Commission believes that the proposed amendments contain appropriate limitations on a firm's ability to apply the exemption from the requirement to inspect branch offices every year. For instance, the proposal specifically excludes certain offices, given their size, scope of supervisory activities, or other factors, from eligibility for the exemption. The Rule requires firms to retain the ability to initiate "for cause" inspections of a branch office where developments during the year require a reconsideration of a branch's exemption. Requiring firms to use unannounced branch office inspections for no less than half of the branch offices inspected each year should provide additional incentive to branch office personnel to make compliance with the Exchange's rules and the securities laws a priority. Furthermore, the Commission believes that requiring firms to allow employees to report compliance issues on a confidential basis outside of the branch office chain of command and requiring branch office inspections to be carried out by a person independent of the branch office in question should encourage branch office employees to report issues of regulatory concern. The Commission also notes that the proposal would require every branch office, without exception, to be inspected at least once every three calendar years. The Commission emphasizes that, notwithstanding any exemption granted under the proposed rules, each member firm is subject to an ongoing duty to supervise each branch office and monitor for compliance with all applicable securities laws and regulations.⁹

III. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-NYSE-2005-60), as amended, is hereby approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Nancy M. Morris,
Secretary.

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⁹ See Section 15(b)(4)(E) of the Act, 15 U.S.C. 78o(b)(4)(E).

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53981; File No. SR-Phlx-2005-69]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Approving Proposed Rule Change To Amend Phlx Rule 784, Reports of Options

June 14, 2006.

On November 9, 2005, the Philadelphia Stock Exchange, Inc. ("Phlx" 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 delete a requirement set forth in the Supplementary Material to Phlx Rule 784 obligating members and member organizations to provide to the Phlx particular information items regarding over-the-counter options trades relating to securities listed or traded on the Exchange. The Commission published the proposed rule change for comment in the **Federal Register** on May 10, 2006.³ The Commission received no comments on the proposed rule change.

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange.⁴ In particular, the Commission believes that the proposed rule change is consistent with section 6(b)(5) of the Act,⁵ which requires among other things, that the rules of the Exchange are designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Phlx Rule 784 is intended to facilitate the Exchange's surveillance for and enforcement of rules against manipulation in connection with over-the-counter options trading. The Commission believes that the proposal appears to be reasonably designed to eliminate a requirement to provide specific information that the Exchange does not necessarily need to monitor for

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 53757 (May 3, 2006), 71 FR 27303.

⁴ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁵ 15 U.S.C. 78f(b)(5).

manipulation. The Commission notes that, pursuant to the main text of Exchange Rule 784, the Exchange retains the ability to require members and member organizations to report to the Exchange such information as the Exchange may require regarding over-the-counter options trades.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,⁶ that the proposed rule change (SR-Phlx-2005-69) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Nancy M. Morris,
Secretary.

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DEPARTMENT OF STATE

[Public Notice 5436]

Announcement of Meetings of the International Telecommunication Advisory Committee

SUMMARY: This notice announces an International Telecommunication Advisory Committee meeting to prepare for a meeting of the Organization of American States Inter-American Telecommunication Commission (CITEL) Conference Preparatory Committee.

The International Telecommunication Advisory Committee (ITAC) will meet to prepare for the July 10-12 meeting of the CITEL Conference Preparatory Committee in Costa Rica. The preparatory meeting will be held in the Washington, DC Metro area on July 6, 2006 2-4 p.m. The purpose of the meeting is to advise the Department of State on proposed Inter-American Positions to be taken by CITEL at the next International Telecommunication Union Plenipotentiary Conference. A conference bridge will be available for those outside the Washington Metro area.

The International Telecommunication Advisory Committee (ITAC) will meet to prepare for CITEL PCC.I (Telecommunication) on August 8 and 24, 2006 10 a.m.-noon in Washington, DC at a location to be determined.

These meetings are open to the public. Particulars on meeting location and times, and information on conference bridges is available from the secretariat minardje@state.gov, telephone 202-647-3234.

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(12).