

their responsibility to obtain price improvement for orders.

In its response letter, NYSE noted that specialists are not currently obligated to stop stock and further noted that, in fact, specialists infrequently choose to stop stock. NYSE reiterated its belief that there are many opportunities for price improvement in the Hybrid Market and stated that specialists were not "being relieved of their responsibility to obtain price improvement." The Exchange argued that it was eliminating a practice that its data showed was rarely used. The Exchange also argued that retaining the manual process for the specialist to stop stock would increase specialist risk if used.

The commenter also asserted that NYSE could easily reprogram its systems to replicate electronically the manual practice of stopping stock. In response, NYSE disagreed, indicating that there are difficulties inherent in maintaining the stopping stock functionality amid systems designed to enable increased automatic executions. Further, NYSE argued that the decision to remove systemic support for stopped orders was based in part on data that showed that specialists do not stop stock frequently.

IV. 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 exchange⁸ and, in particular, the requirements of Section 6 of the Act.⁹ Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹⁰ which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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.

According to the Exchange, the practice of stopping stock by specialists is rarely used. Therefore, the Exchange

decided that it would not develop an electronic, systemic process to support this little used, voluntary function. The Exchange also argued that retaining a manual process to stop stock in the Hybrid Market would be inefficient. Accordingly, the Commission finds that eliminating specialists' ability to stop stock is reasonable and consistent with the Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹¹ that the proposed rule change (SR-NYSE-2006-04), as modified by Amendment Nos. 1 and 2, be, and it hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55338; File No. SR-Phlx-2007-04]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Listing LEAPS Pursuant to the \$2.50 Strike Price Program

February 23, 2007.

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 21, 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 and II below, which Items have been substantially prepared by Phlx. 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

Phlx proposes to clarify that LEAPS⁵ can be listed at \$2.50 strike price intervals pursuant to the \$2.50 Strike Price Program set forth in Commentary .05 to Phlx Rule 1012 (Series of Options Open for Trading). There is no new rule text.

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

In its filing with the Commission, Phlx 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 purpose of the proposal is to clarify that LEAPS can be listed at \$2.50 strike price intervals pursuant to the \$2.50 Strike Price Program.

The current \$2.50 Strike Price Program is set forth in Commentary .05 to Phlx Rule 1012. The \$2.50 Strike Price Program permits the Exchange to list options with \$2.50 strike price intervals for selected options trading at strike prices greater than \$25 but less than \$75. In addition, each options exchange is permitted to list options with \$2.50 strike price intervals on any option class that another options exchange selects under the \$2.50 Strike Price Program.

Initially adopted in 1995 as a pilot program, the pilot \$2.50 Strike Price Program allowed options exchanges to list options with \$2.50 strike price intervals for options trading at strike prices greater than \$25 but less than \$50 on a total of up to 100 option classes.⁶ In 1998, the pilot program was permanently approved and expanded to allow the options exchanges to select up to 200 option classes for the \$2.50 Strike

⁸ In approving this proposed rule change, 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.

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78s(b)(2).

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).

⁵ LEAPS are Long-term Equity Anticipation Securities or long-term options series. See Phlx Rules 1079, 1012, and 1101A.

⁶ See Securities Exchange Act Release No. 35993 (July 19, 1995), 60 FR 38073 (July 25, 1995) (SR-Phlx-95-08, SR-Amex-95-12, SR-PSE-95-07, SR-CBOE-95-19, and SR-NYSE-95-12).

Price Program.⁷ Of the 200 options classes eligible for the \$2.50 Strike Price Program, 46 have been allocated to Phlx.⁸ In 2005, the \$2.50 Strike Price Program was expanded to permit the listing of options with \$2.50 strike price intervals for options with strike prices between \$50 and \$75, provided that the \$2.50 strike price intervals are no more than \$10 from the closing price of the underlying stock in its primary market⁹ on the preceding day.¹⁰ With the expansion of the \$2.50 Strike Price Program to options with strike prices below \$75, for example, if an option class has been selected as part of the \$2.50 Strike Price Program, and the underlying stock closed at \$48.50 in its primary market, the Exchange may list options with strike prices of \$52.50 and \$57.50 on the next business day; and if an underlying security closed at \$54, the Exchange may list options with strike prices of \$52.50, \$57.50, and \$62.50 on the next business day. Moreover, an option class would remain in the \$2.50 Strike Price Program until the Exchange otherwise designates and sends a decertification notice to the Options Clearing Corporation.

The Exchange is hereby clarifying that it, like other options exchanges with the \$2.50 Strike Price Program, may list LEAPS at \$2.50 strike price intervals at all strike prices that are available pursuant to the \$2.50 Strike Price Program. The Exchange believes that the \$2.50 Strike Price Program has benefited the marketplace by creating additional trading opportunities for customers in all options including LEAPS by affording such customers the ability to more closely tailor investment strategies to the precise movement of the underlying security. The availability of \$2.50 strike price intervals for LEAPS will likewise benefit the marketplace and is in conformity with current industry practice.

⁷ See Securities Exchange Act Release No. 40662 (November 12, 1998), 63 FR 64297 (November 19, 1998) (SR-Amex-98-21, SR-CBOE-98-29, SR-PCX-98-31, and SR-Phlx-98-26).

⁸ The allocation is not changed by this proposed rule filing.

⁹ The term "primary market" is defined in Phlx Rule 1000 in respect of an underlying stock or Exchange-Traded Fund Share as the principal market in which the underlying stock or Exchange-Traded Fund Share is traded.

¹⁰ See Securities Exchange Act Release No. 52961 (December 15, 2005), 70 FR 76095 (December 22, 2005) (SR-Phlx-2005-77). See also Securities Exchange Act Release Nos. 52893 (December 5, 2005), 70 FR 73488 (December 12, 2005) (SR-Amex-2005-067); 52892 (December 5, 2005), 70 FR 73492 (December 12, 2005) (SR-CBOE-2005-39); 52960 (December 15, 2005), 70 FR 76090 (December 22, 2005) (SR-ISE-2005-59); and 52986 (December 20, 2005), 70 FR 76897 (December 28, 2005) (SR-PCX-2005-137).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹¹ in general, and furthers the objective of Section 6(b)(5) of the Act¹² in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and the national market system.

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

No written comments were either solicited or 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 from 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 Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴

A proposed rule change filed under 19b-4(f)(6) normally may not become operative prior to 30 days after the date of filing.¹⁵ However, Rule 19b-4(f)(6)(iii)¹⁶ 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 in the public interest so that it is clear that the Exchange has the immediate ability to list and trade LEAPS at \$2.50 strike price intervals at all strike prices that are available pursuant to the \$2.50 Strike Price Program. For this reason, the Commission designates the proposed rule change to be operative upon filing with the Commission.¹⁷

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 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 No. SR-Phlx-2007-04 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-Phlx-2007-04. 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

¹⁷ For purposes only of waiving the operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

¹⁵ 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. Phlx has satisfied the five-day pre-filing requirement.

¹⁶ *Id.*

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 Phlx. 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-Phlx-2007-04 and should be submitted on or before March 22, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Florence E. Harmon,

Deputy Secretary.

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SOCIAL SECURITY ADMINISTRATION

[Docket No. SSA 2007-0013]

Privacy Act of 1974 as Amended; Computer Matching Program (SSA/ Department of Veterans Affairs (VA), Veterans Benefit Administration (VBA))—Match Number 1008

AGENCY: Social Security Administration (SSA).

ACTION: Notice of a renewal of a computer matching program.

SUMMARY: In accordance with the provisions of the Privacy Act, as amended, this notice announces a renewal of a computer matching program that SSA will conduct with VA/VBA.

DATES: SSA will file a report of the subject matching program with the Committee on Homeland Security and Governmental Affairs of the Senate, the Committee on Government Reform of the House of Representatives, and the Office of Information and Regulatory Affairs, Office of Management and Budget (OMB). The matching program will be effective as indicated below.

ADDRESSES: Interested parties may comment on this notice by either telefaxing to (410) 965-8582 or writing to the Associate Commissioner, Office of Income Security Programs, 252 Altmeyer Building, 6401 Security Boulevard, Baltimore, MD 21235-6401. All comments received will be available for public inspection at this address.

FOR FURTHER INFORMATION CONTACT: The Associate Commissioner for Income Security Programs as shown above.

SUPPLEMENTARY INFORMATION:

A. General

The Computer Matching and Privacy Protection Act of 1988 (Pub. L. 100-503), amended the Privacy Act (5 U.S.C. 552a) by describing the manner in which computer matching involving Federal agencies could be performed and adding certain protections for individuals applying for, and receiving, Federal benefits. Section 7201 of the Omnibus Budget Reconciliation Act of 1990 (Pub. L. 101-508) further amended the Privacy Act regarding protections for such individuals. The Privacy Act, as amended, regulates the use of computer matching by Federal agencies when records in a system of records are matched with other Federal, State, or local government records.

It requires Federal agencies involved in computer matching programs to:

- (1) Negotiate written agreements with the other agency or agencies participating in the matching programs;
- (2) Obtain the Data Integrity Boards' approval of the match agreements;
- (3) Publish notice of the computer matching program in the **Federal Register**;
- (4) Furnish detailed reports about matching programs to Congress and OMB;
- (5) Notify applicants and beneficiaries that their records are subject to matching; and
- (6) Verify match findings before reducing, suspending, terminating, or denying an individual's benefits or payments.

B. SSA Computer Matches Subject to the Privacy Act

We have taken action to ensure that all of SSA's computer matching programs comply with the requirements of the Privacy Act, as amended.

Dated: February 22, 2007.

Martin H. Gerry,

Deputy Commissioner for Disability and Income Security Programs.

Notice of Computer Matching Program, Social Security Administration (SSA) With Department of Veterans Affairs (VA), Veterans Benefit Administration (VBA) Match Number 1008

A. Participating Agencies

SSA and VA/VBA.

B. Purpose of the Matching Program

The purpose of this matching program is to establish the conditions for VA/VBA as the source agency to disclose

VA compensation and pension payment data to SSA, the recipient agency. This disclosure will provide SSA with information necessary to identify certain Supplemental Security Income (SSI) and Special Veterans Benefit (SVB) recipients under titles XVI and VIII of the Social Security Act (the Act) respectively, who receive VA-administered benefits. SSA will then update the SSI/SVB records to reflect the presence of such payments.

The disclosure will also enable SSA to efficiently implement a Medicare outreach program mandated by Section 1144 of title XI of the Act. Information disclosed by VA will enable SSA to identify income limits for certain individuals; to determine their potential eligibility for Medicare Savings Programs, and to identify these individuals to the States.

C. Authority for Conducting the Matching Program

The legal authority for SSA to conduct this matching activity is contained in sections 1631(e)(1)(B) and 1631(f) of the Act, (42 U.S.C. 1383(e)(1)(B) and 1383(f)(SSI)), and section 806(b) of the Act, (42 U.S.C. 1006(b)(SVB)) and section 1144 of the Act, (42 U.S.C. 1320b-14). SSA is required to verify declarations of applicants for, and recipients of, SSI payments before making a determination of eligibility or payment amount.

The legal authority for VA to disclose information for this match is contained in section 1631(f) of the Act, (42 U.S.C. Section 1383(f)). That section requires Federal agencies to provide such information as the Commissioner of Social Security needs for purposes of determining eligibility for or amount of benefits, or verifying other information with respect thereto.

D. Categories of Records and Individuals Covered by the Matching Program

VA will provide SSA with electronic files containing compensation and pension payment data from its system of records entitled the Compensation, Pension, Education and Rehabilitation Records—VA (58VA21/22) first published at 41 FR 9294 (March 3, 1976), and last amended at 70 FR 34186 (June 13, 2005), with other amendments as cited therein. SSA will then match VA data with SSI/SVB payment information maintained in its system of records entitled Supplemental Security Income Record and Special Veterans Benefits (SSA/OEEAS 60-0103.) Routine use 21 of 58VA21/22 and routine use 3 of 60-0103 permits

¹⁸ 17 CFR 200.30-3(a)(12).