parameters on the Exchange [7] and efficiency of quote submission through the Specialized Quote Feed (''SQF''), as defined in Phlx Rule 1080, Commentary .01. Failure to meet established minimum performance requirements could result in restriction by the OAESC of additional options assignments; suspension, termination, or restriction of an existing assignment on one or more options; or suspension, termination, or restriction of an SQT's or RSQT's status as such.

Phlx Rule 510 would establish specific criteria for each option assigned to an SQT or RSQT that would be regularly evaluated by the Exchange. First, the Exchange would evaluate the percentage of total quotes submitted by the SQT or RSQT that represent the NBBO. If the percentage of the total quotes that represent the NBBO is in the lowest quartile of all SQTs or RSQTs for two or more consecutive months, this may be considered sub-standard performance. Second, the Exchange would evaluate the SQT or RSQT's adherence to the Exchange's established quoting requirements pursuant to Phlx Rule 1014.[8] If an SQT or RSQT fails to meet the quoting requirements as prescribed by the rule, this may be considered sub-standard performance. Third, the Exchange would consider the number of requests for quote spread parameter [9] relief for the purposes of evaluating performance standards.

Finally, to evaluate efficient quote submission to the Exchange, the Exchange would consider how an SQT or RSQT optimizes the submission of quotes through the SQF, as defined in Phlx Rule 1080, by evaluating the number of individual quotes per quote ''block'' received by the Exchange.[10] An SQT or RSQT is assigned a number of

ports or lines on which they can send quote blocks. The number of lines assigned dictates the number of blocks that may be sent simultaneously by the SQT or RSQT. The number of lines assigned to an SQT or RSQT is generally a function of the number of products being quoted, taking into account the throughput required to minimize quote latency risk. The Exchange intends to evaluate the average number of quotes (1–99) submitted within the SQT or RSQT's quote blocks. The number of quotes delivered in each block would generally be a measure of the SQT or RSQT's quoting efficiency. For example, a firm sending an average of 1 quote in each block may be considered inefficient while a firm sending an average of 99 quotes in each block would be considered very efficient.

The Exchange explained that, in general, the expenditure of systemic resources required to process an inefficient block is nearly equal to the expenditure of systemic resources required to process an efficient block. Therefore, an efficient SQT or RSQT can achieve a much higher level of quote submission than an inefficient SQT or RSQT using nearly the same amount of exchange system resources. The Exchange believes that the regular monitoring of quoting efficiency in this fashion will result in more efficient quoting on the Exchange (*i.e.,* more quotes submitted per block), thus preserving and maximizing Exchange system capacity for handling quote traffic.

III. Discussion

After careful review of the proposal, 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.[11] In particular, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,[12] which requires, among other things, that the rules of an exchange be 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.

The Commission believes that the Exchange's proposal to establish performance requirements for SQTs and RSQTs should, among other things, encourage Exchange traders to enhance

quoting efficiency, preserve system capacity, and minimize requests for relief from quote spread parameters. Consequently, the proposal should encourage Phlx SQTs and RSQTs to strive to improve their performance as market makers on the Exchange, as well as help to mitigate the Exchange's quote message traffic.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[13] that the proposed rule change (SR–Phlx–2006–51), be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[14]

Florence E. Harmon,
Deputy Secretary.
[FR Doc. E7–586 Filed 1–17–07; 8:45 am]
BILLING CODE 8011–01–P

SMALL BUSINESS ADMINISTRATION

Advisory Committee on Veterans Business Affairs; Public Meeting

The U.S. Small Business Administration (SBA), pursuant to the Veterans Entrepreneurship and Small Business Development Act of 1999 (Pub. L. 106–50), Advisory Committee on Veterans Business Affairs will host a public meeting on Friday, January 26, 2007, starting at 9 a.m. until 5 p.m. EST. The meeting will take place at SBA, 409 3rd Street, SW., Eisenhower Conference Room, Side B, 2nd Floor, Washington, DC 20416.

The purpose of the meeting is to select the Committee's Chairman and Vice-Chairman and outline the agenda for 2007.

Anyone wishing to attend must contact Cheryl Clark, Program Liaison, Office of Veterans Business Development at (202) 205–6773, or send e-mail to *cheryl.clark@sba.gov.*

Matthew Teague,
Committee Management Officer.
[FR Doc. E7–613 Filed 1–17–07; 8:45 am]
BILLING CODE 8025–01–P

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[7] *See* Phlx Rule 1014(c)(i)(A).

[8] Phlx Rule 1014(b)(ii)(D)(1) provides that an SQT and an RSQT shall be responsible to quote continuous, two-sided markets in not less than 60% of the series in each option in which such SQT or RSQT is assigned, provided that, on any given day, a Directed SQT (''DSQT'') or a Directed RSQT (''DRSQT'') (as defined in Phlx Rule 1080(l)(i)(C)) shall be responsible to quote continuous, two-sided markets in not less than 99% of the series listed on the Exchange in at least 60% of the options in which such DSQT or DRSQT is assigned. Whenever a DSQT or DRSQT enters a quotation in an option in which such DSQT or DRSQT is assigned, such DSQT or DRSQT must maintain continuous quotations for not less than 99% of the series of the option listed on the Exchange until the close of that trading day.

[9] Phlx Rule 1034 establishes maximum allowable bid/ask differentials on the Exchange.

[10] A quote ''block'' is a component of the Exhange's SQF application that allows for delivery of a set of multiple quotations from the SQT or RSQT to the Exchange. Within a single ''block,'' the SQT or RSQT can deliver quotes for any number of option series ranging from 1 to 99.

[11] 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).
[12] 15 U.S.C. 78f(b)(5).

[13] 15 U.S.C. 78s(b)(2).
[14] 17 CFR 200.30–3(a)(12).