POSTAL RATE COMMISSION

Facility Tour

AGENCY: Postal Rate Commission.

ACTION: Notice of Commission tour.

SUMMARY: Postal Rate Commissioners and advisory staff members will tour Bank of America Corporation mailing operations facilities in New Castle, Delaware on March 22, 2006.

DATES: March 22, 2006.

FOR FURTHER INFORMATION CONTACT: Stephen L. Sharfman, general counsel, Postal Rate Commission, 202–789–6820.

Steven W. Williams,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–53470; File No. SR–CBOE–2006–26]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Revise Position Limits for VIX Options

March 10, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on March 3, 2006, the Chicago Board Options Exchange, Incorporated (''Exchange'' or ''CBOE'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed this proposal as a ''non-controversial'' proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[3] and Rule 19b–4(f)(6) thereunder,[4] which renders the proposed rule change effective upon filing with the commission.[5] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

[2] 17 CFR 240.19b–4.

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

[4] 17 CFR 240.19b–4(f)(6).

[5] The Exchange requested the Commission to waive the five-day pre-filing notice requirement and the 30-day operative delay, as specified in Rule 19b–4(f)(6)(iii). 17 CFR 240.19b–4(f)(6)(iii).

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing this rule change to clarify the position limits for the regular-size options on the CBOE Volatility Index® (''VIX''); the CBOE Nasdaq 100® Volatility Index (''VXN''); and the CBOE Dow Jones Industrial Average® Volatility Index (''VXD'') to put them on a more equivalent level with the position limits for options on the underlying indexes, the SPX, NDX, and DJX.[6] The proposed position limits would also be proportional to the position limits for the increased-value of VIX, VXN, and VXD. The text of the proposed rule change is available on the Exchange's Web site (*http://www.cboe.com*), at the Exchange's Office of the Secretary, and at the Commission.

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 Exchange 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 those 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 parts of such statements.

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

1. Purpose

The Exchange received approval from the Commission to list and trade cash-settled, European-style options on (1) the regular-size VIX, VXN, and VXD[7] (together, ''Regular-Size Volatility Index Options'') and (2) the increased-value versions of VIX, VXN, and VXD (together ''Increased-Value Volatility Index Options'').[8] VIX, VXN, and VXD are calculated using real-time quotes of at-the-money and out-of-the-money nearby and second nearby index puts and calls of the S&P 500® Index (SPX), the Nasdaq 100® Index (NDX), and the Dow Jones Industrial Average® Index (DJX), respectively. Generally, volatility indexes provide investors with up-to-the-minute market estimates of expected volatility of the corresponding securities index that each particular volatility index tracks.

The Exchange originally sought and received approval for position and exercise limits of Regular-Size Volatility Index Options in the amount of 25,000 contracts on either side of the market, with no more than 15,000 of such contracts in series in the nearest expiration month. Given that there are no position limits for broad-based index option contracts on the DJX, NDX, OEX and SPX, the Exchange believes it is appropriate to increase the position limits for the Regular-Size VIX, VXN, and VXD to 250,000 position and exercise limits on either side of the market for each of those contracts, with no more than 150,000 of such contracts in series in the nearest expiration month. This is also consistent with limits applicable to the Increased-Value Volatility Index Options (which are 25,000 contracts on either side of the market, with no more than 15,000 of such contracts in series in the nearest expiration month).

The Exchange states that increasing the Regular-Size Volatility Index Options position limit from 25,000 contracts to 250,000 contracts would have no effect on the monetary value of the portfolio that could be controlled by a particular person or firm as compared to the Increased Value Volatility Index Options. The Exchange also stated that this also is consistent with previous filings in which the Exchange introduced reduced-value versions of other broad-based indexes.[9] The

[6] Telephone Conference between Dave Doherty, Attorney, CBOE, and Florence E. Harmon, Senior Special Counsel, Division, Commission, on March 10, 2006.

[7] *See* Securities Exchange Act Release No. 49563 (April 14, 2004), 69 FR 21589 (April 21, 2004) (''Order Granting Approval to Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 2 Relating to Options on Certain CBOE Volatility Indexes''). As of the date of filing, the Exchange lists for trading VIX options (options on the regular size CBOE Volatility Index).

[8] *See* Securities Exchange Act Release No. 49698 (May 13, 2004), 69 FR 29152 (May 20, 2004) (''Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule change by [CBOE] Relating to Options on Certain CBOE Volatility Indexes''). The increased-value version of VIX, VXN, and VXD will be calculated by simply multiplying the corresponding value of the VIX, VXN, and VXD, respectively, by ten. To illustrate, where the index level of the VIX would be 12.10, the increased-value VIX will have an index value of 121.00 (ten times 12.10). Similarly, the index level of the increased-value versions of the VXN and the VXD always will be ten times the index level of the VXN and the VXD, respectively. As of the date of filing, the Exchange has not listed for trading Increased-Value Volatility Index Options.

[9] *See* SR–CBOE–2000–15 (Securities Exchange Act Release No. 43000 (June 30, 2000), 65 FR 42409 (July 10, 2000) (''Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 by [CBOE] Relating to a Reduction in the Value of the Nasdaq 100 Stock Index'')) and SR–CBOE–2004–89 (Securities

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