

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 such filing will also be available for inspection and copying at the principal office of the NYSE. 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-NYSE-2006-02 and should be submitted by March 10, 2006.

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

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53267; File No. SR-OCC-2005-25]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Adjustment Panels

February 9, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on December 23, 2005, The Options Clearing Corporation ("OCC") 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 primarily by OCC. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act² whereby the proposal was 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

The proposed rule change amends certain By-Law provisions in order to consolidate common policies and procedures relevant to adjustment panels that act from time to time on behalf of OCC to adjust the terms of outstanding cleared contracts to reflect events affecting the issuer of the instrument underlying the relevant contract.

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

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.³

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

As currently in effect, Article VI (Clearance of Exchange Transactions) Section 11 (Adjustments Panel Policies and Procedures) paragraph (b) of OCC's By-Laws provides that adjustments are to be made by OCC's Securities Committee and describes factors to be taken into account by the Securities Committee in making adjustments. Under Article VI, Section 11(k), also as currently in effect, the authority of the Securities Committee to make adjustment determinations in particular cases is delegated to adjustment panels whose actions are deemed to constitute actions by the Securities Committee. Article VI, Section 11(k) sets forth procedures governing matters such as adjustment panel composition and voting. Several other articles of the By-Laws that are applicable to specific products other than stock options also provide for adjustment panels and incorporate certain provisions of the current Article VI, Section 11(k) by reference. Specifically, these other articles and the relevant sections are:

Article XV (Foreign Currency Options), Section 4; Article XVII (Index Options), Section 3; Article XX (Cross-Rate Foreign Currency Options), Section 4; Article XXII (Cash-Settled Foreign Currency Options), Section 3; Article XXIII (Flexibly Structured Index Options), Section 4; and Article XXIV (BOUNDS), Section 6. These adjustment provisions, which are generally duplicative of those in Article VI, Section 11(k), inadvertently omit the conflict of interest provision of Article VI, Section 11(k) that prohibits persons with a financial interest in the adjustment from serving on an adjustment panel. Although the adjustment provisions governing products other than stock options incorporate by reference some policies and procedures from Article VI, Section 11, they repeat other provisions.

In order to correct the inadvertent exclusion of the conflict of interest provision and to eliminate repetitive language, thereby decreasing the potential for inadvertent inconsistencies between the adjustment provisions of the various articles of the By-Laws if one or more of such provisions were amended in the future, OCC proposes to revise Section 11 of Article VI to be generally applicable to all adjustment panels regardless of the product type and to insert cross-references to Section 11 in the other articles where appropriate. In addition, OCC is proposing to add Section 11A to Article VI that will preserve those paragraphs of the existing Section 11 that apply specifically to stock options.

Proposed Section 11(a)-(c) of Article VI is largely a restatement of policies and procedures currently applicable to the Securities Committee and adjustment panels acting on its behalf as found in existing Sections 11(b) and (k) of Article VI. In proposed Article VI, Section 11(a), the list of factors which the Securities Committee may consider in making an adjustment determination is a comprehensive list of such factors, some of which may not be applicable to a particular cleared contract. In proposed Article VI, Section 11(c), the term "cleared contracts" replaces references to "option contracts and BOUNDS" in the corresponding sentences of existing Section 11(k).

Proposed Section 11A of Article VI is a restatement of existing Section 11(a) and (c)-(j) of Article VI except for revisions to reflect proper references to Section 11A or Section 11, as applicable.

To preserve stockholder prerogatives, Article XI (Amendment of the By-Laws and Rules), Section 1, which requires stockholder approval for amendments to

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78s(b)(3)(A)(ii).

³ The Commission has modified parts of these statements.

specified By-Law provisions, including existing Article VI, Section 11, is revised to include new Section 11A as well.

Minor technical changes are made to Article XII, Section 3(a). OCC is also proposing to delete references to ECU-based foreign currency options and their treatment by the adjustment panel in Article XV (Foreign Currency Options), Section 4 and Interpretation .02 thereunder; Article XX, Section 4 and Interpretation .02 thereunder; and Article XXII, Section 3 because the transition from ECUs to the euro, which does not have constituent currencies, is complete and because references to ECUs and EMUs are obsolete.

OCC believes that the proposed rule change is consistent with the purposes and requirements of Section 17A of the Act because it is designed to ensure uniform standards and procedures to the extent possible for adjustments to the terms of outstanding contracts cleared by OCC and therefore to promote the prompt and accurate clearance and settlement of securities transactions. The proposed rule change is not inconsistent with the rules of OCC, including any rules proposed to be amended.⁴

(B) Self-Regulatory Organization's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing proposed rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁵ and Rule 19b-4(f)(4)⁶ thereunder because it effects a change in an existing service of a registered clearing agency that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible; and (ii) does not

significantly affect the respective rights or obligations of the clearing agency or persons using the service. 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.

VI. 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-OCC-2005-25 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-OCC-2005-25. 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 Section, 100 F Street, NE., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of OCC and on OCC's Web site at www.optionsclearing.com. 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-OCC-2005-25 and should be submitted on or before March 10, 2006.

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

[Delegation of Authority 118-2]

Delegation by the Secretary of State to the Under Secretary of State for Political Affairs and the Under Secretary of State for Economic, Business and Agricultural Affairs of Authorities Regarding Border Facilities and Crossings

Pursuant to the authority vested in me as Secretary of State, including by section 1 of the State Department Basic Authorities Act, as amended (22 U.S.C. 2651a), I hereby delegate to the Under Secretary of State for Political Affairs and the Under Secretary of State for Economic, Business and Agricultural Affairs the authorities and functions conferred on the Secretary of State by:

Executive Order 13337 of April 30, 2004, entitled "Issuance of Permits with respect to certain energy-related facilities and land transportation crossings on the International Boundaries of the United States";

Executive Order 11423 of August 16, 1963, entitled "Providing for the Performance of Certain Functions heretofore Performed by the President With Respect to Certain Facilities Constructed and Maintained on the Borders of the United States"; and

The International Bridge Act of 1972 (P.L. 92-434; 86 Stat. 731).

This delegation of authority supersedes Delegation of Authority 118-1 of February 5, 1969; Provided, That all determinations, authorizations, regulations, rulings, certificates, orders, directives, contracts, agreements, and other actions made, issued or entered into with respect to any of the functions affected by this delegation of authority and not revoked, superseded, or otherwise made inapplicable before the effective date of this delegation of authority shall continue in full force

⁴ OCC intends to file an amendment to File SR-OCC-2004-21, which proposes to add a new Article XIV to OCC's By-Laws in connection with the proposed trading of fixed return options, to make conforming changes to the adjustment provisions of new Article XIV.

⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

⁶ 17 CFR 240.19b-4(f)(4).

⁷ 17 CFR 200.30-3(a)(12).