

Closed Meeting will be held on Thursday, July 13, 2006 at 1 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), (9)(B), (10) and 17 CFR 200.402(a)(3), (5), (7), (9)(ii), and (10) permit consideration of the scheduled matters at the Closed Meeting.

Commissioner Campos, as duty officer, voted to consider the items listed for the closed meeting in closed session, determined that no earlier notice thereof was possible.

The subject matter of the Open Meeting scheduled for Wednesday, July 12, 2006 will be:

1. The Commission will consider whether to issue an interpretive release regarding client commission practices under section 28(e) of the Securities Exchange Act of 1934. The interpretive release is designed to provide guidance to securities industry participants on money managers' use of client commission dollars to pay for "brokerage and research services" under section 28(e). The interpretive release is subsequent to the Commission's issuance of proposed guidance and solicitation of public comment in Release No. 34-52635 (October 19, 2005), File No. S7-09-05.

2. The Commission will consider whether to propose amendments to Rule 203 of Regulation SHO under the Securities Exchange Act of 1934 to reduce the frequency that stock is not delivered after it is sold. The Commission also will consider whether to propose amendments to update the market decline limitation referenced in Rule 200(e)(3) of Regulation SHO.

The subject matter of the Closed Meeting scheduled for Thursday, July 13, 2006 will be:

Formal orders of investigation;  
Institution and settlement of injunctive actions;  
Institution and settlement of administrative proceedings of an enforcement nature;  
Litigation matter;  
Resolution of litigation matters; and a  
Post-argument discussion.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been

added, deleted or postponed, please contact: The Office of the Secretary at (202) 551-5400.

Dated: July 6, 2006.

**J. Lynn Taylor,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54094; File No. SR-Amex-2006-42]

### Self-Regulatory Organizations; American Stock Exchange LLC; Order Granting Approval to a Proposed Rule Change and Amendment No. 1 Thereto Relating to a Retroactive Suspension of Transaction Charges for Specialist Orders in the Nasdaq-100 Tracking Stock® (QQQQ)

On May 2, 2006, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to retroactively apply a suspension of transaction charges for specialist orders in connection with the trading of the Nasdaq-100 Index Tracking Stock® (Symbol: QQQQ) from March 1, 2006, through April 5, 2006. On May 12, 2006, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The proposed rule change, as amended, was published for comment in the **Federal Register** on June 1, 2006.<sup>4</sup> The Commission received no comments on the proposal.

The Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>5</sup> In particular, the Commission believes that the proposal is consistent with Section 6(b)(4) of the Act<sup>6</sup> in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its members.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Amendment No. 1 replaced and superseded the original filing in its entirety.

<sup>4</sup> See Securities Exchange Act Release No. 53871 (May 26, 2006), 71 FR 31236.

<sup>5</sup> 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).

<sup>6</sup> 15 U.S.C. 78f(b)(4).

<sup>7</sup> 15 U.S.C. 78s(b)(2).

proposed rule change (File No. SR-Amex-2006-42), as amended, be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Nancy M. Morris,**  
*Secretary.*

[FR Doc. E6-10762 Filed 7-10-06; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54097; File No. SR-CBOE-2006-38]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving Proposed Rule Change and Amendment No. 1 Thereto Regarding Transfer of Designated Primary Market Maker Appointments

July 5, 2006.

On April 17, 2006, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Exchange rules relating to the transfer of Designated Primary Market Maker ("DPM") appointments. On May 11, 2006, CBOE submitted Amendment No. 1 to the proposed rule change. The Commission published the proposed rule change, as amended, for comment in the **Federal Register** on June 1, 2006.<sup>3</sup> The Commission received no comments on the proposed rule change, as amended.

Specifically, the Exchange proposes to eliminate section (f) of CBOE Rule 8.89, which subjects any DPM transfer proposal decision made by the appropriate Exchange committee ("transfer proposal decision")<sup>4</sup> to a 10-day review period during which any transfer proposal decision may be directly reviewed by the Board of Directors of the Exchange ("Board") upon:

<sup>8</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 53869 (May 25, 2006), 71 FR 31239.

<sup>4</sup> See CBOE Rule 8.89(c), (d), and (e) for a description of the scope of a transfer proposal and the committee decision process.

(1) A written application by a party claiming to be aggrieved<sup>5</sup> by the DPM transfer decision, or (2) a request for review by any five Directors. The Exchange notes that any member aggrieved by a transfer proposal decision can still seek a review of the decision through the hearing and review process provided for under Chapter XIX of CBOE's rules.<sup>6</sup> In any such appeal proceeding under Chapter XIX, the decision regarding a transfer proposal by the appropriate Exchange committee under CBOE Rule 8.89 would be subject to review by the CBOE Appeals Committee. In addition, the Appeals Committee decision in the matter would be subject to review by the Board on its own motion, or could be appealed to the Board, pursuant to CBOE Rule 19.5. The Exchange believes that the special review process for transfer proposal decisions in CBOE Rule 8.89(f) is no longer necessary, given the more routine nature of DPM transfers, and that the elimination of the special process will improve the overall efficiency of the review process.<sup>7</sup>

The Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of section 6(b) of the Act.<sup>8</sup> In particular, the Commission finds that the proposed rule change, as amended, is consistent with section 6(b)(5) of the Act,<sup>9</sup> which requires among other things, that the rules of the 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. Specifically, the Commission believes it is consistent with the Act for the Exchange to eliminate the special review process for DPM transfer proposal decisions, which the Exchange believes could improve efficiency of the review process for such decisions. The Commission notes that

<sup>5</sup> Under CBOE Rule 8.89, a person must be "aggrieved" as described in Chapter XIX of Exchange Rules.

<sup>6</sup> Chapter XIX of CBOE Rules governs the process by which persons, including members, claiming to be economically aggrieved by Exchange action may seek a review of such a decision.

<sup>7</sup> The Exchange also proposes to delete Interpretation and Policy .02 of CBOE Rule 8.89, which provided for the application of a transfer fee on any DPM appointment transfer, because it expired on June 30, 2004.

<sup>8</sup> 15 U.S.C. 78f(b). In approving this proposed rule change, the Commission considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

such decisions would continue to be subject to a hearing and review process at the Exchange under Chapter XIX, which provides for review by the Appeals Committee and the Board. The Commission also believes it is consistent with the Act for CBOE to remove, as a matter of housekeeping, Interpretation and Policy .02 of CBOE Rule 8.89 from its rules, as the provision relating to a transfer fee has currently expired.

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>10</sup> that the proposed rule change (SR-CBOE-2006-38) and Amendment No. 1 thereto be, and hereby are, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

Nancy M. Morris,  
Secretary.

[FR Doc. E6-10788 Filed 7-10-06; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54080; File No. SR-NYSEArca-2006-27]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Rule 10.1 (Disciplinary Jurisdiction)

June 30, 2006.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 8, 2006, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposed rule change as a "non-controversial" rule change under Rule 19b-4(f)(6) under the Act,<sup>3</sup> which rendered the proposal 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 Exchange is proposing to amend Rule 10.1 (Disciplinary Jurisdiction) in

the Rules of the Exchange and NYSE Arca Equities, Inc. to create a mechanism that would allow the Exchange to contract with another self-regulatory organization ("SRO") for the performance of certain of the Exchange's regulatory functions. The text of the proposed rule change is available on the Exchange's Web site, (<http://www.nyse.com>), at the Exchange's principal office, and at the Commission's Public Reference Room.

#### 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 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 proposed rule change in the Rules of the Exchange and NYSE Arca Equities, Inc. would create a mechanism<sup>4</sup> that would allow the Exchange to contract with another SRO for the performance of certain of the Exchange's regulatory functions. The purpose of the proposed rule change is to enhance the Exchange's ability to carry out its regulatory obligations under the Act by providing the Exchange the ability to contract with another SRO for regulatory services. Under any agreement for regulatory services with another SRO, the Exchange would remain an SRO registered under section 6 of the Act<sup>5</sup> and, therefore, would continue to have statutory authority and responsibility for enforcing compliance by its

<sup>4</sup> The Exchange states that, as a public company, the Board of Directors of the Exchange is currently authorized as part of its duties and responsibilities to delegate authority to enter into these types of agreements. For example, the Exchange states that in March of 2006 it entered into a contract with NYSE Regulation, Inc. to provide certain regulatory services. The Exchange, however, recognizes that current industry practice is to have the authority to delegate this responsibility explicitly written in the rules or constitution of an exchange. As such, the Exchange states that it is voluntarily submitting the instant filing to conform to current industry practice.

<sup>5</sup> 15 U.S.C. 78f.

<sup>10</sup> 15 U.S.C. 78s(b)(2).

<sup>11</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 17 CFR 240.19b-4(f)(6).