

II. Description of the Proposal

1. Interpretation and Policy .03

Prior to this rule change, Interpretation and Policy .03 to Article V, Section 1, of OCC's By-Laws required applicants for membership to employ two key operations employees on a full-time basis. This requirement was intended to ensure that an applicant maintains sufficient staff to fulfill its obligations as a clearing member. However, several recent applicants for clearing membership have had difficulty meeting this requirement because their entire staff was employed by an affiliate of the applicant (*i.e.*, a parent or related organization) rather than by the applicant itself. While these applicants entered into employee leasing arrangements in order to comply with OCC's policy, OCC decided to reevaluate the policy in light of the fact that it had proved burdensome to a number of applicants.

OCC understands that it is not uncommon for some entities of an affiliated corporate group to outsource certain or all functions to another entity of the corporate group and let the latter be the sole employer of the people who perform those functions. In situations of that nature, OCC concluded that there is not the same reason to be concerned about whether the applicant will have adequate staffing as in cases where the applicant relies on an unaffiliated third party for staffing. OCC therefore is modifying its policy in order to provide greater flexibility to recognize this alternative employment structure by amending Interpretation and Policy .03 to Article V, Section 1, to permit the Membership/Risk Committee ("Committee") to waive the requirement that an applicant employ two key operations employees on a full-time basis if the daily operations of the applicant are conducted by staff employed on a full-time basis by an entity affiliated with such applicant. OCC believes that the Committee's authority to waive such requirement is consistent with its existing authority to waive the requirement that an applicant employ at least one full-time person who is registered as a "Limited Principal—Financial and Operations" or comparable registration requirement, as applicable.

2. Rule 309

OCC is also amending Rule 309 by adding new paragraph (f) to clarify that if an operationally capable clearing member proposes to become a managed clearing member (*i.e.*, outsource certain of its obligations as a clearing member to another clearing member ["managing

clearing member"]), the applicant must obtain prior approval from the Committee. Prior to this rule change, Interpretation and Policy .04 to Rule 309 primarily contemplated the use of facilities management agreements by applicants for membership rather than by existing clearing members. Nonetheless, OCC has always interpreted its By-Laws and Rules as requiring prior Committee review and approval of all facilities management agreements, including those proposed to be entered into by operationally capable clearing members. The amendment to Rule 309 makes this interpretation explicit.

3. Rule 901

OCC is amending Rule 901 to provide that a clearing member's appointment of another clearing member or CDS Clearing and Depository Services Inc. ("CDS")⁴ for purposes of effecting settlements of exercised or matured cleared securities may not be terminated until after the 30th calendar day following notice to OCC of such termination.⁵ Prior to this rule change, clearing members were required to provide three business days notice of terminating such appointments. However, OCC concluded that three business days was insufficient time for OCC to determine whether or not the clearing member has made appropriate alternative settlement arrangements. Accordingly, OCC is changing the notice period to be consistent with the notice period required to advise OCC of the termination of a facilities management agreement.⁶

III. 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 registered clearing agency. In particular, the Commission believes the proposal is consistent with the requirements of Section 17A(b)(3)(F),⁷ which, among other things, requires the rules of a clearing agency to assure the safeguarding of securities and funds that are in the

⁴ CDS is the successor organization to Canadian Depository for Securities Ltd. OCC's By-Law definition of CDS is being amended to reflect this organizational change.

⁵ OCC surveyed appointed clearing members that effect NSCC settlements for nonaffiliated clearing members and CDS to ascertain their views regarding the proposed change in the notice period for terminating such appointments. There were no objections to the proposed change.

⁶ Conforming changes have been made to the related appointment forms, which are attached as Exhibits 5A and 5B to the proposed rule filing.

⁷ 15 U.S.C. 78q-1(b)(3)(F).

custody or control of the clearing agency or for which it is responsible. Although OCC is giving the Membership/Risk Committee the ability to waive the requirement that an applicant employ two key operations employees on a full-time basis, the revised requirement that allows an applicant to have full-time operational staff employed by an affiliate of the applicant should provide OCC with the practical flexibility to permit such arrangements and still have reasonable assurance that its members are operationally sound. Moreover, specifying that a clearing member's appointment of another clearing entity to effect settlement on its behalf can not be terminated until after the 30th calendar day following notice to OCC of such termination should provide OCC with an appropriate amount of time in which to determine that the clearing member has made alternative settlement arrangements.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act⁸ and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-OCC-2006-21) be, and hereby is, approved.⁹

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E7-8735 Filed 5-7-07; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55689; File No. SR-Phlx-2007-36]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Quoting Obligations in Long Term Options

May 1, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

⁸ 15 U.S.C. 78q-1.

⁹ In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

¹⁰ 17 CFR 200.30-3(a)(12).

("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 24, 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 the Phlx. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ 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 Phlx proposes to adopt, on a permanent basis, Phlx Rule 1014(b)(ii)(D)(4), which currently states that Streaming Quote Traders ("SQTs"),⁵ Remote Streaming Quote Traders ("RSQTs"),⁶ and SQTs and RSQTs that receive Directed Orders⁷ ("DSQTs" and "DRSQTs" respectively) are deemed not to be assigned in any option series until the time to expiration for such series is less than nine months. Accordingly, the obligations to quote continuous, two-sided markets described in Phlx Rule 1014(b)(ii)(D) currently do not apply to SQTs, RSQTs, DSQTs and DRSQTs respecting series with an expiration of nine months or greater. The Exchange originally adopted the rule on a six-month pilot

basis (the "pilot").⁸ The pilot was scheduled to expire on April 24, 2007.

The text of the proposed rule change is available at the Phlx, the Commission's Public Reference Room, and <http://www.phlx.com>.

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 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 Phlx 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 proposed rule change is to adopt Phlx Rule 1014(b)(ii)(D)(4) on a permanent basis in order to continue to mitigate the Exchange's quote traffic by relaxing the quoting obligations applicable to SQTs, RSQTs, DSQTs and DRSQTs, thereby reducing the number of quotations required to be submitted on the Exchange.

The pilot is part of an overall strategy to mitigate options quote traffic on the Exchange, under which SQTs, RSQTs, DSQTs and DRSQTs are deemed not to be assigned in any option series until the time to expiration for such series is less than nine months. The effect of this is to relax these traders quoting obligations, and ultimately the number of quotes they are required to submit, because the continuous quoting obligations described in Phlx Rule 1014(b)(ii)(D)(1) apply only to those options in which they are assigned.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁰ in particular, in that it is 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 by relaxing the quoting requirements in option series with an expiration greater than nine months, thereby reducing the number of options quotations required to be submitted, which should enable the Exchange to mitigate quote traffic.

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 by the Exchange.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(6) thereunder,¹² because the foregoing proposed rule does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

A proposed rule change filed under Rule 19b-4(f)(6) normally may not become operative prior to 30-days after the date of filing.¹³ However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.¹⁴ 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 the public interest because such waiver will ensure continuity of the Exchange's rules. Furthermore, the proposed rule change

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 An SQT is an Exchange Registered Options Trader ("ROT") who has received permission from the Exchange to generate and submit option quotations electronically through AUTOM in eligible options to which such SQT is assigned. An SQT may only submit such quotations while such SQT is physically present on the floor of the Exchange. See Phlx Rule 1014(b)(ii)(A).

⁶ An RSQT is an ROT that is a member or member organization with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically through AUTOM in eligible options to which such RSQT has been assigned. An RSQT may only submit such quotations electronically from off the floor of the Exchange. See Phlx Rule 1014(b)(ii)(B).

⁷ The term "Directed Order" means any customer order (other than a stop or stop-limit order as defined in Phlx Rule 1066) to buy or sell which has been directed to a particular specialist, RSQT, or SQT by an Order Flow Provider. See Phlx Rule 1080(l)(i)(A).

⁸ See Securities Exchange Act Release No. 54648 (October 24, 2006), 71 FR 63375 (October 30, 2006) (SR-Phlx-2006-62).

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

¹³ 17 CFR 240.19b-4(f)(6)(iii). In addition, Rule 19b-4(f)(6)(iii) requires the self-regulatory organization to give the Commission 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.

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

does not present any novel regulatory issues. The Commission notes that this proposal is consistent with the approach in current Phlx Rule 1012, Commentary .03, which states that strike price interval, bid/ask differential and continuity rules will not apply to such long term option series until the time to expiration is less than nine months.¹⁵ For these reasons, the Commission designates the proposal to be operative upon filing with the Commission.¹⁶

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.¹⁷

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 Number SR-Phlx-2007-36 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-Phlx-2007-36. 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 Room. Copies of the filing also will be available for inspection and copying at the principal office of the 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 Number SR-Phlx-2007-36 and should be submitted on or before May 29, 2007.

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

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E7-8736 Filed 5-7-07; 8:45 am]

BILLING CODE 8010-01-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Notice of Availability of a Final Environment Assessment (Final EA) and a Finding of No Significant Impact/Record of Decision (FONSI/ROD) for the Proposed Runway 22R/4L Offset ILS at Detroit Metropolitan Wayne County Airport (DTW) Located in Romulus, Detroit

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of Availability of a Final Environmental Assessment and a Finding of No Significant Impact/Record of Decision for the Proposed Runway 22R/4L Offset ILS at Detroit Metropolitan Wayne County Airport.

SUMMARY: The Federal Aviation Administration (FAA) is issuing this notice to advise the public that it has prepared a Final Environmental Assessment (Final EA) for the Proposed Runway 22R/4L Offset ILS at Detroit Metropolitan Wayne County Airport and on April 27, 2007, it has approved a Finding of No Significant Impact/Record of Decision (FONSI/ROD) based on this Final EA. The Federal Aviation Administration (FAA) prepared the Final EA in accordance with the National Environmental Policy Act and the Federal Aviation Administration's regulations and guidelines for

environmental documents. The Final EA was reviewed and evaluated by the FAA, and was accepted on April 27, 2007 as a Federal document by the FAA's Responsible Federal Official.

FOR FURTHER INFORMATION CONTACT: Ms. Virginia Marcks, Environmental Engineer, Engineering Services, Central Service Area, Federal Aviation Administration, 2300 East Devon Avenue, Des Plaines, Illinois 60018, Telephone number: 847-294-7494.

SUPPLEMENTARY INFORMATION: The Federal Aviation Administration (FAA) has prepared and is making available the Final Environmental Assessment (Final EA) for the following proposed actions at the Detroit Metropolitan Wayne County Airport: The development and use of the offset ILS approach procedures for Runways 22R and 4L, the installation of two (2) offset localizers, the construction of localizer buildings and associated equipment, the construction of access roads, the installation of multilateration equipment including 32 precision runway monitors (Precision Runway Monitors), the installation of Airport Surveillance Detection Equipment (ASDE), the reissuance of aeronautical charts with the 22R/4L offset ILS approach information, the issuance of National Airspace System (NAS) Change Proposed (NCP) waivers associated with design and installation of the preceding, the development, issuance, and implementation of Air Traffic procedures, flight check and testing and certification of proposed equipment, and funding for development and implementation of the proposed action.

The Final EA has been prepared in accordance with the National Environmental Policy Act (NEPA) of 1969, as amended, FAA Orders 1050.1E, "Environmental Impacts: Policies and Procedures" and FAA Order 5050.4B, "NEPA Implementing Instructions for Airport Actions." The proposed development action is consistent with the National Airspace System Plan prepared by the U.S. Department of Transportation Federal Aviation Administration (FAA).

A Final Environmental Assessment and the Finding of No Significant Impact/Record of Decision (FONSI/ROD) will be available for public viewing during normal business hours at the following locations:

- (1) Romulus Public Library, 11121 Wayne Rd., Romulus, MI 48174, (734) 942-7589.
- (2) Wayne City Public Library, 3737 S. Wayne Rd., Wayne, MI 48174 (734) 721-7832.

¹⁵ See Securities Exchange Act Release No. 29103 (April 18, 1991), 56 FR 19132 (April 25, 1991) (SR-Phlx-91-18).

¹⁶ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁷ See 15 U.S.C. 78s(b)(3)(C).

¹⁸ 17 CFR 200.30-3(a)(12).