

capacity to quote electronically in Hybrid 2.0 Classes.

## 2. Statutory Basis

CBOE believes the proposed rule change is consistent with the Act and the rules and regulations under the Act applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>5</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>6</sup> requirements that the rules of an exchange be designed to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

### B. Self-Regulatory Organization's Statement on Burden on Competition

CBOE 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 solicited or received with respect to the proposed rule change.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

(A) By order approve such proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2006-58 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-CBOE-2006-58. 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 such filing also will be available for inspection and copying at the principal office of the CBOE. 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-CBOE-2006-58 and should be submitted on or before August 22, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**J. Lynn Taylor,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54213; File No. SR-CHX-2006-22]

### Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Accelerated Approval of a Proposed Rule Change and Amendment Nos. 1 and 2 Thereto To Amend the CHX Holdings, Inc. Certificate of Incorporation

July 26, 2006.

## I. Introduction

On June 22, 2006, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange"), on behalf of its parent company, CHX Holdings, Inc. ("CHX Holdings"), 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 the CHX Holdings Certificate of Incorporation ("Charter") to: (1) Make a change in the ownership limitations applicable to CHX participants and other persons or entities; and (2) increase the number of shares of common stock that CHX Holdings is authorized to issue. On June 30, 2006, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The proposed rule change, as amended by Amendment No. 1, was published for comment in the **Federal Register** on July 10, 2006 for a 15-day comment period.<sup>4</sup> The Commission received no comments on the proposal. On July 21, 2006, the Exchange filed Amendment No. 2 to the proposed rule change.<sup>5</sup> This order grants accelerated approval of the proposed rule change, as amended.

## II. Description of the Proposal

The CHX Holdings Charter currently imposes ownership limitations which prohibit: (i) Any person, either alone or together with its related persons, from owning, directly or indirectly, shares constituting more than 40% of any class

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

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

<sup>3</sup> In Amendment No. 1, the Exchange made technical changes to correct the marking of the proposed rule text.

<sup>4</sup> See Securities Exchange Act Release No. 54090 (July 10, 2006), 71 FR 38915 ("Notice"). The 15-day comment period ended on July 25, 2006.

<sup>5</sup> In Amendment No. 2, the Exchange confirmed that the stockholders of CHX Holdings had approved the proposed changes to the CHX Holdings Charter at a meeting held on July 19, 2006. As stated in the Notice, stockholder approval of the proposed changes was required before they could become effective. Amendment No. 2 was a technical amendment and, therefore, not subject to notice and comment.

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 17 CFR 200.30-3(a)(12).

of CHX Holdings capital stock; and (ii) any person that holds a CHX trading permit, either alone or together with its related persons (an "Exchange Participant"), from owning, directly or indirectly, shares constituting more than 20% of any class of CHX Holdings capital stock. The Exchange proposes to modify these ownership limitations so that they refer to shares of stock of CHX Holdings representing in the aggregate more than 20% or 40% of "the then outstanding votes entitled to be cast on any matter," rather than to the shares of each class of stock that a person might own. The Exchange also proposes to increase the number of shares of common stock that can be issued by CHX Holdings from 750,000 to 900,000. These proposed changes to the CHX Holdings Charter were filed in connection with a series of transactions in which four firms will invest in CHX Holdings in an exchange for minority stakes in the company.

### III. Discussion

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>6</sup> In particular, the Commission finds that the proposal is consistent with Section 6(b)(1) of the Act,<sup>7</sup> which requires a national securities exchange be so organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by its members and persons associated with its members with the provisions of the Act, the rules or regulations thereunder, and the rules of the exchange. The Commission also finds the proposal to be consistent with Section 6(b)(5) of the Act,<sup>8</sup> which requires, among other things, that the rules of a national securities 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 notes that the Exchange proposes to retain the current 20% and 40% ownership limitations, as applicable, in the CHX Holdings Charter, and to make only minor modifications to the ownership limitation provisions to refer to "the then outstanding votes entitled to be

cast on any matter," rather than to the shares of each class of stock that a person might own. The Commission believes that these proposed modifications are reasonable and that they preserve the adequacy of the ownership limitations to prevent a person's (and, specifically, an Exchange Participant's) interest from becoming so large as to cast doubt on whether the Exchange can fairly and objectively exercise its self-regulatory responsibilities. The Exchange's additional proposal to increase the number of shares of common stock that can be issued by CHX Holdings is designed, among other things, to give CHX Holdings the ability to seek additional investors and to have additional shares available should the company seek to establish an equity compensation plan. The Commission believes this increase in authorized common stock is reasonable and consistent with the Act.

The Commission finds good cause for approving the proposed rule change, as amended, prior to the thirtieth day after publishing notice thereof in the **Federal Register**. The CHX has requested that the Commission approve the proposal on an accelerated basis upon the Exchange's filing of the amendment stating that the shareholders of CHX Holdings had approved the proposed changes to the Charter. The Commission notes that the new language in the ownership limitation provisions proposed by CHX Holdings is nearly identical to language included in the recently approved Amended and Restated Certificate of Incorporation of NYSE Group, Inc.<sup>9</sup> and raises no new regulatory issues. The Commission further notes that accelerated approval of the proposed changes will allow the transactions between CHX Holdings and the four investors to proceed without unnecessary delay. Accordingly, the Commission finds good cause, consistent with Section 19(b)(2) of the Act,<sup>10</sup> to approve the proposal, as amended, on an accelerated basis.

### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>11</sup> that the proposed rule change (SR-CHX-2006-22), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

Jill M. Peterson,

Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54204; File No. SR-ISE-2006-38]

### Self-Regulatory Organizations; International Securities Exchange, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Extend the Linkage Fee Pilot Program

July 25, 2006

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 3, 2006, the International Securities Exchange, Inc. ("ISE" 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 prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and is approving the proposal on an accelerated basis for a pilot period through July 31, 2007.

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

The Exchange proposes to extend until July 31, 2007, the current pilot program regarding transaction fees for trades executed through the intermarket options linkage (the "Linkage"). Currently pending before the Commission is a filing to make such fees permanent.<sup>3</sup> The text of the proposed rule change is available on the ISE's Web site at (<http://www.iseoptions.com>), at the Exchange's Office of the Secretary, 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,

<sup>6</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition and capital formation. See 15 U.S.C. 78c(f).

<sup>7</sup> 15 U.S.C. 78f(b)(1).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> See Article V, Section 2 of the Amended and Restated Certificate of Incorporation of NYSE Group, Inc., approved by the Commission in Securities Exchange Act Release No. 53382 (February 27, 2006), 71 FR 11251 (March 6, 2006) (order approving NYSE-2005-77).

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

<sup>11</sup> 15 U.S.C. 78s(b)(2).

<sup>12</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 SR-ISE-2003-30 (the "Permanent Fee Filing").