

offering) market and PIPE (private investment in public equity) offerings.

The Commission expects that the Forum will develop recommendations for government and private action to facilitate small business capital formation. The afternoon sessions of the Forum, which will not be Webcast, will be devoted to breakout sessions to develop recommendations.

More information about the Forum is available at [www.sec.gov/info/smallbus/sbforum.shtml](http://www.sec.gov/info/smallbus/sbforum.shtml).

**DATES:** Written statements should be received on or before October 15, 2006.

**ADDRESSES:** Written statements may be submitted by any of the following methods:

*Electronic Statements*

- Use the Commission's Internet submission form (<http://www.sec.gov/info/smallbus/sbforum.shtml>); or
- Send an e-mail message to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number 4-526 on the subject line; or

*Paper Statements*

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

All submissions should refer to File No. 4-526. This file number should be included on the subject line if e-mail is used. To help us process and review your statement more efficiently, please use only one method. The Commission staff will post all statements submitted on the Forum Web page at <http://www.sec.gov/info/smallbus/sbforum.shtml>. Statements also will be available for public inspection and copying in the Commission's Public Reference Room, 100 F Street, NE., Room 1580, Washington, DC 20549. All statements received will be posted without change; we do not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

**FOR FURTHER INFORMATION CONTACT:** Anthony G. Barone, Special Counsel, at (202) 551-3260, at Office of Small Business Policy, Division of Corporation Finance, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-3628.

Dated: September 26, 2006.

**Nancy M. Morris,**  
Secretary.

[FR Doc. E6-16331 Filed 10-3-06; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54530; File No. SR-NYSE-2006-49]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Order Approving Proposed Rule Change and Amendment No. 1 Thereto Relating to Amending Rule 123D (Openings and Halts in Trading) and Rule 15 To Shorten the Minimum Required Time Periods Between Tape Indications and Openings or Reopenings

September 28, 2006.

On June 30, 2006, the New York Stock Exchange LLC ("NYSE" 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 NYSE Rules 123D and 15 to shorten the minimum time periods between tape indications and openings or reopenings of a security and after an "Equipment Changeover."<sup>3</sup> On August 14, 2006, the Exchange submitted Amendment No. 1 to the proposed rule change.<sup>4</sup> The proposed rule change, as amended, was published for comment in the **Federal Register** on August 28, 2006.<sup>5</sup> The Commission received no comments regarding the proposal. This order approves the proposed rule change, as amended.

The Exchange proposes to amend NYSE Rules 123D and 15 to shorten the minimum time periods between tape indications and openings or reopenings of a security and after an "Equipment Changeover." In connection with a delayed opening of trading in a security, Exchange Rule 123D currently requires a minimum of ten minutes to elapse between the first price indication and the opening of the stock, and where there is more than one indication, a minimum of five minutes to elapse after the last indication, provided in all cases that at least ten minutes have elapsed since the first indication. The Exchange's proposal would reduce these minimum time periods from ten to three minutes after the first indication, and to one minute after the last indication, provided that a minimum of three minutes have elapsed since the first indication.

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

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

<sup>3</sup> See Exchange Rule 123D(2).

<sup>4</sup> In Amendment No. 1, NYSE made minor revisions to the proposed rule text and clarified that all market participants may react to published price indications.

<sup>5</sup> See Securities Exchange Act Release No. 54337 (August 21, 2006), 71 FR 50963 ("Notice").

With respect to the reopening of trading after a stock has been halted during the trading day, Exchange Rule 123D currently requires a minimum of five minutes to elapse between the first indication and the reopening of trading, and a minimum of three minutes to elapse after the last indication, provided that at least five minutes has elapsed since the first indication. The Exchange's proposal would reduce these minimum time periods to three minutes after the first indication, and to one minute after the last indication, provided that a minimum of three minutes has elapsed since the first indication.

With respect to the reopening of trading after a stock has been halted during the trading day because of "Equipment Changeover," Exchange Rule 123D currently requires a minimum of five minutes to elapse before trading resumes following an Equipment Changeover. Further, if, during the "Equipment Changeover" trading halt, a significant order imbalance<sup>6</sup> develops or a regulatory condition occurs, the nature of the halt will be changed and notice must be disseminated and trading cannot resume until ten minutes after the first indication of the new halt condition. The Exchange's proposal would reduce these minimum time periods to one minute after an "Equipment Changeover" and to three minutes after an "Equipment Changeover" during which a significant order imbalance or regulatory condition develops.

Lastly, NYSE proposes to amend Exchange Rule 15 to conform with a recent amendment to the Intermarket Trading System Plan ("ITS Plan"). In particular, the Exchange's proposal would require that, when more than one indication is disseminated, a stock may reopen one minute after the last indication if three minutes have elapsed after the first indication.

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 national securities exchange.<sup>7</sup> Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the

<sup>6</sup> The Exchange indicated in the Notice that a "significant order imbalance" is one which would result in a price change from the last sale of one point or more for stocks under \$10, the lesser of 10% or three points for stocks between \$10-\$99.99 and five points for stocks \$100 or more—unless a Floor Governor deems circumstances warrant a lower parameter.

<sup>7</sup> In approving this proposed rule change the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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 proposal appears designed to strike a reasonable balance between preserving the opportunity for price discovery before a stock opens or reopens while providing timely opportunities for investors to participate in the market.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>9</sup> that the proposed rule change (SR-NYSE-2006-49), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

Nancy M. Morris,  
Secretary.

[FR Doc. E6-16367 Filed 10-3-06; 8:45 am]

BILLING CODE 8010-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54526; File No. SR-CBOE-2006-70]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving a Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 1 Thereto To Adopt Rules Relating to Regulation NMS

September 27, 2006.

#### I. Introduction

On August 18, 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" or "Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposal to modify its rules relating to the trading of non-option securities to conform with Regulation NMS. The proposal was published for comment in the **Federal Register** on August 25, 2006.<sup>3</sup> The Commission received no comments on the proposal. The Exchange filed Amendment No. 1 with the Commission

on September 27, 2006.<sup>4</sup> This notice and order requests comment on Amendment No. 1 and approves the proposal, as amended, on an accelerated basis.

#### II. Description of the Proposal

The Commission recently approved the Exchange's proposal to establish a new electronic trading system for non-option securities known as "Stock Trading on CBOEdirect" or "STOC."<sup>5</sup> In this filing, CBOE proposes additional rules and additional system functionality to STOC designed to comply with Regulation NMS and to enable CBOE to qualify as automated trading center whose quotations will be protected under Regulation NMS. In its release extending the compliance dates for Rules 610 (the Access Rule) and 611 (the Order Protection Rule) of Regulation NMS,<sup>6</sup> the Commission established a "Specifications Date" of October 16, 2006, by which final technical specifications for interaction with Regulation NMS-compliant trading systems of automated trading centers must be published on SRO Web sites. Among other things, these specifications must address: (1) The identification of quotations as automated or manual to meet the requirements of Rule 600(b)(4);<sup>7</sup> (2) an immediate-or-cancel order ("IOC") functionality that meets the requirements of Rule 600(b)(3);<sup>8</sup> and (3) an intermarket sweep order ("ISO") functionality that allows other industry participants to meet the requirements of Rule 600(b)(30).<sup>9</sup> The proposed rules would modify the existing STOC rules to address these requirements as well as other matters relating to Regulation NMS.

Unless execution of an order would cause an impermissible trade-through of a protected quotation of another trading center, all marketable orders would automatically execute on the STOC system against the system's best bid or offer (which incorporates resting limit orders and interest from CBOE market-makers). There would be no manual quotations, and STOC is designed to provide quotations that are always "automated" for purposes of Rule 600(b)(4). If CBOE were to experience a technical failure, it would cease

disseminating quotations (as opposed to disseminating manual quotations).<sup>10</sup>

The Exchange also proposes to modify its existing rule defining and governing the handling of IOC orders to make clear that, consistent with the requirements of Regulation NMS, IOC orders routed to the STOC System would either be immediately executed (in part or in full) or canceled.<sup>11</sup> The Exchange also is proposing to adopt a rule providing that, consistent with the requirements of Regulation NMS, ISOs routed to CBOE would be immediately and automatically executed on receipt without regard for better-priced protected quotations displayed by other trading centers.<sup>12</sup>

CBOE has proposed additional rules relating to Regulation NMS. First, as required by Rule 610(d) of Regulation NMS,<sup>13</sup> CBOE has proposed to add language providing that members should reasonably avoid displaying quotations that lock or cross protected quotations from other trading centers.<sup>14</sup>

Second, the Exchange is proposing language that will allow it to invoke the "self-help" exception contained in Rule 611(b)(1) of Regulation NMS.<sup>15</sup> CBOE could invoke self-help and bypass quotations displayed by a trading center if the trading center repeatedly fails to respond within one second to orders attempting to access its protected quotations, provided the failures are attributable to the trading center and not to transmission delays outside its control. CBOE must immediately notify the trading center of its determination to invoke self-help.<sup>16</sup>

Third, when appropriate functionality is available on CBOE, the Exchange would provide outbound routing, through a third-party service provider ("Routing Service Provider"), to other trading centers displaying better-priced protected quotations on behalf of orders that may be routed.<sup>17</sup> This outbound

<sup>10</sup> See proposed CBOE Rule 52.13(a).

<sup>11</sup> Such orders would not be "held up" for manual processing or for potential price improvement above CBOE's disseminated quotation. See proposed CBOE Rule 51.8(g)(4).

<sup>12</sup> See proposed CBOE Rule 51.8(n).

<sup>13</sup> 17 CFR 242.610(d).

<sup>14</sup> See proposed CBOE Rule 52.12.

<sup>15</sup> 17 CFR 242.611(b)(1).

<sup>16</sup> See proposed CBOE Rule 52.13(b).

<sup>17</sup> Prior to that time, however, CBOE would access better-priced quotations through the ITS Plan (or its successor). Under previously approved STOC rules, when STOC receives a marketable order that cannot be executed without causing a trade-through (and assuming that the order is not an IOC order), the system will display the order to market participants at the NBBO price for a short time (three seconds or less, to be determined by the Exchange's STOC Trading Committee). If no market participant "steps up" to the NBBO during the display period, the system will route the order to the STOC DPM for

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

<sup>9</sup> 15 U.S.C. 78s(b)(2).

<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>11</sup> 15 U.S.C. 78s(b)(1).

<sup>12</sup> 17 CFR 240.19b-4.

<sup>13</sup> See Securities Exchange Act Release No. 53112 (January 12, 2006), 71 FR 3579.

<sup>4</sup> Amendment No. 1 replaced the original filing in its entirety.

<sup>5</sup> See Securities Exchange Act Release No. 54422 (September 11, 2006), 71 FR 54537 (September 15, 2006) (SR-CBOE-2004-21).

<sup>6</sup> Securities Exchange Act Release No. 53829 (May 18, 2006), 71 FR 30038 (May 24, 2006) ("Regulation NMS Compliance Date Release").

<sup>7</sup> 17 CFR 242.604(b)(4).

<sup>8</sup> 17 CFR 242.604(b)(3).

<sup>9</sup> 17 CFR 242.604(b)(30).