

issuers, brokers, or dealers, or to regulate by virtue of any authority conferred by the Act matters not related to the purpose of the Act or the administration of the Amex.

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

Amex 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**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>11</sup> and Rule 19b-4(f)(6)<sup>12</sup> thereunder because the proposed rule change: (i) Does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not become operative for 30 days from the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>13</sup> and Rule 19b-4(f)(6) thereunder.<sup>14</sup>

Amex has requested that the Commission waive both the five-day pre-filing requirement and the 30-day delayed operative delay.<sup>15</sup> The Commission is exercising its authority to waive the five-day pre-filing notice requirement and believes that the waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Waiver of the five-day pre-filing and 30-day operative periods will extend the Pilot, which would otherwise expire on October 1, 2006, and allow the Amex to continue in its efforts to obtain a surveillance agreement with Bolsa. The Commission notes that another self-regulatory organization recently adopted a substantially similar rule change that was effective upon filing.<sup>16</sup>

Accordingly, the Commission designates the proposal to be effective and operative upon filing with the Commission.<sup>17</sup>

At any time within sixty (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.<sup>18</sup>

### **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](mailto:rule-comments@sec.gov). Please include File Number SR-Amex-2006-91 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-Amex-2006-91. 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 the Amex. 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-Amex-2006-91 and should be submitted on or before October 31, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>19</sup>

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

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### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-54556; File No. SR-BSE-2005-09]

#### **Self-Regulatory Organizations; Boston Stock Exchange, Inc.; Order Approving Proposed Rule Change and Amendment Nos. 1 and 2 Thereto Relating to Its Minor Rule Violation Plan**

October 2, 2006.

On February 7, 2005, the Boston Stock Exchange, Inc. ("BSE" 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 BSE Rule Chapter XXX ("Disciplining of Members—Denial of Membership") and BSE Rule Chapter XXXIV ("Minor Rule Violations"). The Exchange filed Amendment No. 1 to the proposed rule change on July 7, 2006, and Amendment No. 2 on August 18, 2006. The proposed rule change, as amended, was published for comment in the **Federal Register** on September 1, 2006.<sup>3</sup> The Commission received no comments regarding the proposal.

BSE proposed to make the following changes:

- Add "Principal Considerations in Determining Sanctions" to BSE Rule Chapter XXX;
- Move Acceptance Waiver and Consent Procedures ("AWC") from BSE Rule Chapter XXXIV to BSE Rule Chapter XXX;

<sup>1</sup> 17 CFR 200.30-3(a)(12).

<sup>2</sup> 15 U.S.C. 78s(b)(1).

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> See Securities Exchange Act Release No. 54374 (August 28, 2006), 71 FR 52183.

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

<sup>15</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>16</sup> See Securities Exchange Act Release No. 54347 (August 22, 2006), 71 FR 51242 (August 29, 2006) (SR-CBOE-2006-72).

<sup>17</sup> 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).

<sup>18</sup> See Section 19(b)(3)(C) of the Act, 15 U.S.C. 78s(b)(3)(C).

- Change references to the “Chief Regulatory Officer” in the AWC to the “General Counsel or his/her delegatee”;

- Add a provision in BSE Rule Chapter XXX imposing a late charge when a member fails to pay a fine on a timely basis;

- Add violations of the Exchange’s rules governing the Intermarket Trading System to BSE Rule Chapter XXXIV;

- Restructure the fine levels of violations in BSE Rule Chapter XXXIV pertaining to Failure to Display Limit Orders, Floor Order Facilitation, Failure to Designate an Order (PPS), and Dealings Outside of Exchange Operating Hours; and

- Adjust the fine levels for short sale violations in BSE Rule Chapter XXXIV.

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>4</sup> In particular, the Commission believes that the proposal is consistent with Section 6(b)(5) of the Act,<sup>5</sup> because delineating factors to be considered in determining sanctions should promote transparency of the Exchange’s disciplinary process and the ability to impose a late charge for the failure to pay fines should help the Exchange carry out its supervisory responsibilities.

The Commission further believes that the proposal is consistent with Sections 6(b)(1) and 6(b)(6) of the Act,<sup>6</sup> which require that the rules of an exchange enforce compliance with, and provide appropriate discipline for, violations of Commission and Exchange rules. In addition, because BSE Rule Chapter XVIII provides procedural rights to contest the fine for any violation of an Exchange rule and permits disciplinary proceedings on the matter, the Commission believes BSE Rule Chapter XXXIV, as amended by this proposal, provides a fair procedure for the disciplining of members and persons associated with members, consistent with Sections 6(b)(7) and 6(d)(1) of the Act.<sup>7</sup>

Finally, the Commission finds that the proposal is consistent with the public interest, the protection of investors, or otherwise in furtherance of the purposes of the Act, as required by Rule 19d–1(c)(2) under the Act<sup>8</sup> which governs minor rule violation plans. The

Commission believes that the proposed change to BSE Rule Chapter XXXIV will strengthen the Exchange’s ability to carry out its oversight and enforcement responsibilities as a self-regulatory organization in cases where full disciplinary proceedings are unsuitable in view of the minor nature of the particular violation.

In approving this proposed rule change, as amended, the Commission in no way minimizes the importance of compliance with BSE rules and all other rules subject to the imposition of fines under the minor rule violation plan of the Exchange. The Commission believes that the violation of any self-regulatory organization’s rules, as well as Commission rules, is a serious matter. However, the Exchange’s minor rule violation plan under BSE Rule Chapter XXXIV provides a reasonable means of addressing rule violations that do not rise to the level of requiring formal disciplinary proceedings, while providing greater flexibility in handling certain violations. The Commission expects that BSE will continue to conduct surveillance with due diligence and make a determination based on its findings, on a case-by-case basis, whether a fine of more or less than the recommended amount is appropriate for a violation under the minor rule violation plan or whether a violation requires formal disciplinary action under BSE Rule Chapter XXX.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act<sup>9</sup> and Rule 19d–1(c)(2) under the Act,<sup>10</sup> that the proposed rule change (SR–BSE–2005–09), as amended, be, and hereby is, approved and declared effective.

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

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

[FR Doc. E6–16645 Filed 10–6–06; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54550; File No. SR–CHX–2006–05]

### Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Approving a Proposed Rule Change and Amendment No. 1 Thereto and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 2 Thereto to Implement a New Trading Model

September 29, 2006.

#### I. Introduction

On February 2, 2006, the Chicago Stock Exchange, Inc. (“CHX” 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 its rules to implement a new trading model that provides the opportunity for fully automated executions to occur within a central matching system (the “Matching System”). On August 10, 2006, the Exchange filed Amendment No. 1 to the proposed rule change. The proposed rule change, as amended by Amendment No. 1, was published for comment in the **Federal Register** on August 18, 2006.<sup>3</sup> The Commission received one comment letter on the proposal.<sup>4</sup>

On September 29, 2006, the Exchange filed Amendment No. 2 to the proposed rule change.<sup>5</sup> This order approves the proposed rule change, as amended by Amendment No. 1. Simultaneously, the Commission is providing notice of filing of, and granting accelerated approval to, Amendment No. 2 to the proposed rule change.

#### II. Description

The Exchange proposes to amend its rules in order to implement a new trading model that would allow Exchange participants to interact in a

<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. 54301 (August 10, 2006), 71 FR 47836 (“Trading Rules Notice”).

<sup>4</sup> See Letter from Michael A. Barth, Senior Vice President, Exchanges and Market Centers, Order Execution Services Holdings, Inc. (“OES”), to Nancy M. Morris, Secretary, Commission, dated August 25, 2006 (“OES Letter”).

<sup>5</sup> See Form 19b–4 dated September 29, 2006 (“Amendment No. 2”). The text of Amendment No. 2 is available on CHX’s Web site (<http://www.chx.com>), at the principal office of CHX, and at the Commission’s Public Reference Room. See *infra* Section II.E for a discussion of Amendment No. 2.

<sup>4</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>5</sup> 15 U.S.C. 78f(b)(5).

<sup>6</sup> 15 U.S.C. 78f(b)(1) and 78f(b)(6).

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

<sup>8</sup> 17 CFR 240.19d–1(c)(2).

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

<sup>10</sup> 17 CFR 240.19d–1(c)(2).

<sup>11</sup> 17 CFR 200.30–3(a)(12); 17 CFR 200.30–3(a)(44).