

The Exchange has represented that it has an adequate surveillance program in place for options on the Fund Shares, as defined by the Exchange's proposal, and it intends to apply those same program procedures that it applies to options on Fund Shares currently traded on the Exchange. In addition, under proposed NYSE Arca Rule 5.3(g)(2)(D), before listing and trading options on Fund Shares based on a non-U.S. currency, the Exchange must have entered into an appropriate comprehensive surveillance sharing agreement with the applicable marketplace or marketplaces with last sale reporting that represent(s) the highest volume in derivatives (options or futures) on the specified non-U.S. currency. This provision means that the options exchange listing options on the Fund Shares must utilize the same comprehensive surveillance sharing arrangements utilized by the equity markets that list and trade the Fund Shares. Through its membership in the ISG, the Exchange is able to obtain trading information regarding trading of listed foreign currency derivative products from other marketplaces that are members or affiliates of the ISG. With respect to the Euro Shares, the Commission notes that the Exchange can obtain such information from the Phlx in connection with euro options trading on the Phlx and from the CME and the LIFFE in connection with euro futures trading on those exchanges.²³

Accelerated Approval

The Commission finds good cause for approving the proposed rule change, as amended, prior to the thirtieth day after the date of publication of the notice of the filing thereof in the **Federal Register** pursuant to Section 19(b)(2) of the Act.²⁴ The Exchange has requested accelerated approval of the proposed rule change. The proposal implements rules for the listing and trading of options on Fund Shares representing an interest in a specified non-U.S. currency that are substantially similar to listing standards recently adopted by the ISE.²⁵ Inasmuch as options on Fund Shares are already listed and traded on other exchanges, the Commission does not believe that the Exchange's proposal raises any novel regulatory issues. Granting accelerated approval to the proposal will enable the Exchange to immediately list and trade options on ETFs holding non-U.S. currency. Therefore, the Commission finds good cause, consistent with Section 19(b)(2)

of the Act,²⁶ to approve the proposed rule change, as amended, on an accelerated basis.

V. Conclusion

For the foregoing reasons, the Commission finds that the proposed rule change, as amended, is consistent with the Act and rules and regulations thereunder applicable to the national securities exchange.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁷ that the proposed rule change (SR-NYSEArca-2006-04), as amended, is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²⁸

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54721; File No. SR-OCC-2006-10]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to Cash-Settled Foreign Currency Options

November 8, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on June 8, 2006, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") and on October 26, 2006, amended the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by OCC. 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 proposed rule change would enable OCC to accommodate a request from the Philadelphia Stock Exchange, Inc. ("Phlx") that OCC clear and settle cash-settled foreign currency options ("Cash-Settled FCOs").

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to enable OCC to accommodate a request from the Philadelphia Stock Exchange, Inc. ("Phlx") that OCC clear and settle Cash-Settled FCOs. OCC's By-Laws and Rules currently provide for the clearance and settlement of Cash-Settled FCOs although no such options are currently traded, but changes to OCC's By-Laws are needed in connection with the Cash-Settled FCOs proposed to be traded by Phlx.³ The first change is to reflect the different expiration date of the Cash-Settled FCOs as compared with the date provided for in OCC's By-Laws. The definition of "expiration date" in Article XXII, Section 1 of OCC's By-Laws provides that Cash-Settled FCOs generally expire on the Monday specified by the relevant exchange at or before trading begins. To accommodate the Cash-Settled FCOs proposed to be traded by Phlx, the definition will need to be amended to provide for an expiration date of the Saturday following the third Friday of the expiration month, which is the same as the expiration date for equity and index options. OCC is also proposing to provide for expirations on such other dates as an exchange may determine, which is consistent with the definition of "expiration date" applicable to index options. The next proposed change, to Article VI, Section 22 of OCC's By-Laws, is intended to make it clear that Cash-Settled FCOs will not clear through OCC's International Clearing System.⁴

² The Commission has modified parts of these statements.

³ For a description of the Phlx proposed rule change, see Securities Exchange Act Release No. 54652 (October 26, 2006) 71 FR 64597 (November 2, 2006) [File No. SR-Phlx-2006-34].

⁴ Interpretation .02 under Article VI, Section 22 of OCC's By-Laws currently provides, "All classes of foreign currency options and cross-rate foreign currency options are cleared through ICS."

²³ See *supra* note 13.

²⁴ 15 U.S.C. 78s(b)(2).

²⁵ See *supra* note 6.

²⁶ 15 U.S.C. 78s(b)(2).

²⁷ See *id.*

²⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

OCC amended the proposed rule change on October 26, 2006, to propose amending Article XXII, Section 4 of OCC's By-Laws to conform the provisions relating to unavailability or inaccuracy of the spot price for Cash-Settled FCOs to the comparable provisions of Article XVII of OCC's By-Laws relating to the unavailability or inaccuracy of the current index value or other value or price used to determine the exercise settlement amount for index options. The primary conforming changes are the proposed addition of procedures under which the exercise settlement amount would be established by an adjustment panel in the event of the unavailability or inaccuracy of the spot price and a modification of normal expiration date exercise procedures in situations in which the adjustment panel delays the fixing of the exercise settlement amount beyond the last trading day for the affected series.

This amendment also proposes to amend Rule 2302 of OCC's Rules in connection with a change in the expiration date exercise procedures for Cash-Settled FCOs. As originally filed, the rules for Cash-Settled FCOs would have provided for true automatic exercise without the opportunity for clearing members to give non-exercise instructions. Phlx has subsequently informed OCC that Cash-Settled FCOs should be subject to the same "exercise-by-exception" procedures that apply to many other OCC-issued options. Under "exercise-by-exception" procedures, a Cash-Settled FCO would be deemed to be exercised at expiration if the exercise settlement value is at least \$1.00 per contract unless the clearing member instructs OCC not to exercise it. OCC is also proposing to add an interpretation to Rule 2302 to note that the normal expiration date exercise procedures do not apply in circumstances in which the fixing of the exercise settlement amount is delayed beyond the last trading day before expiration of cash-settled foreign currency options.

OCC believes that the proposed rule change is consistent with Section 17A of the Act because it is designed to promote the prompt and accurate clearance and settlement of derivative transactions in Cash-Settled FCOs, to foster cooperation and coordination with persons engaged in the clearance and settlement of such transactions, to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of such transactions, and, in general, protect investors and the public interest.

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

OCC does not believe that the proposed rule change would impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

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 self-regulatory organization consents, the Commission will:

- (A) by order approve the 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 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-OCC-2006-10 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-OCC-2006-10. 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 OCC and on OCC's Web site at <http://www.optionsclearing.com>.

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-OCC-2006-10 and should be submitted on or before December 8, 2006.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54734; File No. SR-SCCP-2006-02]

Self-Regulatory Organizations; Stock Clearing Corporation of Philadelphia; Order Granting Approval of a Proposed Rule Change Relating to the Definition of a Margin Member

November 9, 2006.

I. Introduction

On August 14, 2006, Stock Clearing Corporation of Philadelphia ("SCCP") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-SCCP-2006-02 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the **Federal Register** on September 29, 2006.² No comment letters were received. For the reasons discussed below, the Commission is

⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 54488, (September 22, 2006), 71 FR 57598.