

3. previous participation fees paid by other new parties.

If the Exchanges and a new party cannot agree on the amount of the participation fee, the matter will be subject to review by the Commission.

A self-regulatory organization that does not maintain a market for the trading of securities options may become a party to the ORSA Plan, and a self-regulatory organization that ceases to maintain such a market may continue to be a party to the ORSA Plan, only if permitted by a majority of the other parties.

H. Term and Termination

The ORSA Plan will remain in effect for so long as there are two or more parties to the ORSA Plan. Any Exchange may withdraw from the ORSA Plan at any time on not less than six months prior written notice to each of the other parties. Any Exchange withdrawing from the ORSA Plan will remain liable for its proportionate share of costs allocated to it for the period during which it was a party, but it will have no further obligations under the ORSA Plan or to any of the other Exchanges with respect to the period following the effectiveness of its withdrawal. The right of an Exchange to participate in joint regulatory services under the ORSA Plan is not transferable without the consent of the other Exchanges.

I. Amendments

The ORSA Plan may be amended by the affirmative vote of all of the parties, provided that the provisions pertaining to the allocation of costs may be amended by the affirmative vote of not less than two-thirds of the parties, subject in each case to any required approval of the Commission.

III. Discussion

In section 11A of the Act,⁷ Congress directed the Commission to facilitate the development of a national market system consistent with the objectives of the Act. In particular, section 11A(a)(3)(B) of the Act⁸ authorizes the Commission "by rule or order, to authorize or require self-regulatory organizations to act jointly with respect to matters as to which they share authority under this title in planning, developing, operating, or regulatory a national market system (or a subsystem thereof) or one or more facilities thereof." Rule 608 under the Act establishes the procedures for filing, amending, and approving national

market system plans.⁹ Pursuant to paragraph (b)(2) of Rule 608, the Commission's approval of a national market system plan is conditioned upon a finding that the proposed plan "is necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system, or otherwise in furtherance of the purposes of the Act."¹⁰ After carefully considering the ORSA Plan, the Commission finds that the ORSA Plan is appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system, and in furtherance of the purposes of the Act. In particular, the Commission finds that the ORSA Plan is consistent with Section 11A of the Act¹¹ and Rule 608 thereunder.¹²

The Commission believes that the ORSA Plan, which would permit the Exchanges to pool their resources for the regulation and surveillance of insider trading, should allow the Exchanges to more efficiently implement an enhanced surveillance program for the detection of insider trading, while eliminating redundant effort. In this regard, the Commission believes that the ORSA Plan should promote more effective regulation and surveillance of insider trading across all the options markets maintained by the Exchanges.

In approving the ORSA Plan, the Commission is authorizing the Exchanges to work together according to the procedures provided for under the ORSA Plan. The Commission is not approving or disapproving the terms of the RSA, nor is the Commission passing judgment on the surveillance performance of CBOE or the other Exchanges, acting individually or jointly under the ORSA Plan, or on the quality of their surveillance standards or any other parameters used for regulatory and surveillance functions. The ultimate responsibility and primary liability for self-regulatory failures remains with each Exchange, and the ORSA Plan does not relieve an Exchange of its obligations as a self-regulatory organization under the Act. In this regard, the ORSA Plan specifically provides that each Exchange remains responsible to enforce compliance by persons subject to its regulatory jurisdiction with its own rules, the Act,

and the rules and regulations thereunder.

IV. Conclusion

It is hereby ordered, pursuant to section 11A of the Act,¹³ and Rule 608 thereunder,¹⁴ that the ORSA Plan submitted by the Exchanges is approved.

By the Commission.

Jill M. Peterson

Assistant Secretary.

[FR Doc. 06-5375 Filed 6-13-06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release NO. 34-53950; File No. SR-Amex-2006-54]

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Order Granting Accelerated Approval to a Proposed Rule Change To Extend the Pilot Program for the Quote Assist Feature in the ANTE System

June 6, 2006.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 23, 2006, the American Stock Exchange LLC ("Amex" 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 Exchange. The Commission is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval to the proposed rule change.

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

The Exchange proposes to amend Amex Rule 958A—ANTE(e) to extend until April 30, 2007, its pilot program implementing a quote-assist feature in the Exchange's ANTE system ("Pilot Program").

The text of the proposed rule change is available at the Exchange's Web site (<http://www.amex.com/>), the Exchange's principal office, and the Commission's Public Reference Room.

⁹ 17 CFR 242.608.

¹⁰ 17 CFR 242.608(b)(2).

¹¹ 15 U.S.C. 78k-1.

¹² 17 CFR 242.608.

¹³ 15 U.S.C. 78k-1.

¹⁴ 17 CFR 242.608.

¹⁵ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

⁷ 15 U.S.C. 78k-1.

⁸ 15 U.S.C. 78k-1(a)(3)(B).

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, 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 Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to extend the Pilot Program through April 30, 2007. The quote assist feature implemented pursuant to the Pilot Program is intended to assist specialists on the Exchange in meeting their obligations to display customer limit orders immediately upon receipt.³ Amex Rule 958A—ANTE(e) requires all option specialists to execute or display customer limit orders that improve the bid or offer by price or size immediately upon receipt, unless one of the exceptions set forth in the rule applies. "Immediately upon receipt" is defined in the rule as "under normal market conditions, as soon as practicable but not later than 30 seconds after receipt."⁴

The quote assist feature implemented under the Pilot Program⁵ automatically displays eligible limit orders within a configurable time that can be set on a class-by-class basis by the Exchange and the specialist assigned to that class.⁶ While all customer limit orders are expected to be displayed immediately, the specialist can set the quote assist feature to automatically display limit

orders at or close to the end of the 30-second time frame—the maximum time frame permitted by the rule—or within a shorter time frame established by the Exchange. If the specialist fails to address the order within the applicable display period, the quote assist feature will automatically display the eligible customer limit order in the limit order book. The quote assist feature helps to ensure that eligible customer limit orders are displayed within the required time period.

Rule 958A—ANTE (e)(4) requires the specialist to maintain and keep active the limit order quote assist feature. The Specialist may deactivate the quote assist feature provided Floor Official approval is obtained. The specialist must obtain Floor Official approval as soon as practicable but in no event later than three minutes after deactivation. If the specialist does not receive approval within three minutes after deactivation, the Exchange will review the matter as a regulatory issue. Floor Officials will grant approval only in instances when there is an unusual influx of orders or movement of the underlying that would result in gap pricing or other unusual circumstances. The Exchange will document all instances where a Floor Official has granted approval.

The Exchange notes that the quote assist feature does not relieve the specialists of their obligation to display customer limit orders immediately. To the extent that a specialist excessively relies on the quote assist feature to display eligible limit orders without attempting to address the orders immediately, the specialist could be violating Rule 958A—ANTE (e). However, brief or intermittent reliance on the quote assist feature by a specialist during an unexpected surge in trading activity in an option class would not violate Rule 958A—ANTE (e) if it occurs when the specialist is not physically able to address all the eligible limit orders within the applicable time frame. The Exchange has issued a regulatory notice discussing the issue of excessive reliance on the quote assist feature.⁷

The Exchange will continue to conduct surveillance to ensure that specialists comply with their obligation to execute or book all eligible limit orders within the time period prescribed by Exchange rules. The Exchange commits to conduct surveillance designed to detect whether specialists as

a matter of course rely on the quote assist feature to display all eligible limit orders. A practice of excessive reliance upon the quote assist feature will be reviewed by Member Firm Regulation as a possible violation of Rule 958A—ANTE (e). The Exchange runs its limit order display exception report at various display intervals in an attempt to detect a pattern that suggests undue reliance on the quote assist feature. The Exchange reports to the Commission every three months the statistical data it uses to determine whether there has been impermissible reliance on the quote assist feature by specialists.

2. Statutory Basis

The proposed rule change is consistent with section 6(b) of the Act⁸ in general and furthers the objectives of section 6(b)(5) of the Act⁹ in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

B. Statement of 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. Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange has not solicited or received any written comments regarding the proposed rule change.

III. 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>);
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR—Amex—2006—54 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.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

³ See Amex Rule 958A—ANTE(e).

⁴ See Amex Rule 958A—ANTE(e)(1).

⁵ See Securities Exchange Act Releases No. 49747 (May 20, 2004), 69 FR 30344, 30347 (May 27, 2004) (approving implementation of the ANTE system, including the quote assist feature on a pilot basis); and No. 51955 (June 30, 2005), 70 FR 39812 (June 11, 2005) (extending the Pilot Program until April 30, 2006).

⁶ The time frame within which limit orders must be addressed—a maximum of 30 seconds under the rule—may be set to a shorter time period by the Exchange. The specialist maintaining the quote assist feature may then use the feature to automatically display orders within a shorter time period than the time period set by the Exchange. Telephone conversation between Sudhir Bhattacharyya, Assistant General Counsel, Amex, and Nathan Saunders, Special Counsel, Division of Market Regulation, Commission, June 2, 2006.

⁷ See Amex Notice REG 2004—51, "Rulings and Interpretations: Limit Order Display Requirement in Options; Availability and Deactivation of Quote Assist" (December 8, 2004); see also Amex Notice, "Deactivation of Quote Assist" (June 19, 2000) (both available at <http://www.amex.com/amextrader>).

All submissions should refer to File Number SR-Amex-2006-54. 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. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit identifying personal information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to file No. SR-Amex-2006-54 and should be submitted on or before July 5, 2006.

IV. Commission Findings and Order Granting Accelerated Approval of Proposed Rule Change

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.¹⁰ In particular, the Commission believes that the proposed rule change is consistent with the requirements of section 6(b)(5) of the Act,¹¹ which requires, among other things, that the rules of the Exchange be designed to promote just and equitable principles of trade and, in general, to protect investors and the public interest.

The Commission believes that the quote assist feature should help to ensure that eligible customer limit orders are displayed within the required time period. The Commission notes that the Exchange represents that it will continue to conduct surveillance to ensure that specialists comply with their obligation to execute or book all eligible limit order within the time period prescribed by Exchange rules,

and that they do not reply excessively on the quote assist feature. Given this continuing surveillance, the Commission believes that extending the Pilot Program is consistent with the Act.

The Exchange has requested that the Commission approve the proposed rule change prior to the thirtieth day after publication of notice of the filing in the **Federal Register**. The Commission believes that accelerated approval is appropriate because it will enable the Pilot Program to continue immediately. Accordingly, the Commission finds good cause, consistent with section 19(b)(2) of the Act,¹² to approve the proposed rule change prior to the thirtieth day after publication of the notice of filing thereof in the **Federal Register**.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act¹³ that the proposed rule change (SR-Amex-2006-54) is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 06-5369 Filed 6-13-06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53945; File No. SR-Amex-2006-20]

Self-Regulatory Organizations; American Stock Exchange LLC; Order Approving Proposed Rule Change and Amendment Nos. 1 and 2 Thereto To Amend the Annual Fee for Certain Listed Bonds and Debentures

June 6, 2006.

On March 22, 2006, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to increase the annual fee for listed bonds and debentures of companies whose equity securities are not listed on the Exchange from \$3,500 to \$5,000. On April 5, 2006, the Exchange filed Amendment No. 1 to the proposed rule

change. On April 24, 2006, the Exchange filed Amendment No. 2 to the proposed rule change. The proposed rule change, as amended was published for comment in the **Federal Register** on May 5, 2006.³ The Commission received no comments regarding the proposal.

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.⁴ In particular the Commission believes that the proposal is consistent with section 6(b)(4) of the Act,⁵ which requires that the rules of an exchange provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using it facilities.

The bonds and debentures listed on the Exchange are primarily structured debt products (*e.g.*, notes with returns tied to the performance of an underlying index, basket of commodities, *etc.*) The Exchange has asserted that the proposal would align the annual fees for listed bonds and debentures in accordance with the actual costs of delivering services and facilitating the transactions of such products, and that the annual fee for such bonds and debentures will be similar to the annual fees charged by certain other self-regulatory organizations in connection with listing similar structured products. Based on these assertions, the Commission believes that the proposed rule change is an equitable allocation of reasonable fees among issuers of the Exchange. The Commission notes that the increased fees will be assessed commencing January 2007.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,⁶ that the proposed rule change (SR-Amex-2006-20), as amended, be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 06-5371 Filed 6-13-06; 8:45 am]

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³ Securities Exchange Act Release No. 53735 (April 27, 2006), 71 FR 26574.

⁴ 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).

⁵ 15 U.S.C. 78f(b)(4).

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(12).

¹⁰ In approving the proposed rule, the Commission has considered the rule's impact on efficiency, competition and capital formation 15 U.S.C. 78c(f).

¹¹ 15 U.S.C. 78f(b)(5).

¹² 15 U.S.C. 78s(b)(2).

¹³ *Id.*

¹⁴ 17 CFR 200.30-3(a)(12).

¹⁵ 15 U.S.C. 78s(1).

² 17 CFR 240.19b-4.