

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.⁶ In particular, the Commission finds that the proposal is consistent with Section 6(b)(1) of the Act,⁷ 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,⁸ 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.⁹ 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,¹⁰ 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,¹¹ 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.¹²

Jill M. Peterson,

Assistant Secretary.

[FR Doc. E6-12321 Filed 7-31-06; 8:45 am]

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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"),¹ and Rule 19b-4 thereunder,² 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.³ 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,

⁶ 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).

⁷ 15 U.S.C. 78f(b)(1).

⁸ 15 U.S.C. 78f(b)(5).

⁹ 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).

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 15 U.S.C. 78s(b)(2).

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See SR-ISE-2003-30 (the "Permanent Fee Filing").

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

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

1. Purpose

The purpose of this proposed rule change is to extend for one year the pilot program establishing ISE fees for Principal Orders ("P Orders") and Principal Acting as Agent Orders ("P/A Orders") sent through Linkage and executed on the ISE. The fees currently are effective for a pilot period scheduled to expire on July 31, 2006,⁴ and this filing would extend the fees through July 31, 2007. The Exchange notes that in addition to the Permanent Fee Filing, the Exchange filed one other Linkage related fee filing that proposes to increase from \$0.15 per contract to \$0.24 per contract the fee for P Orders sent through Linkage and executed on the ISE.⁵

The three fees the ISE charges for these orders are: the Firm Proprietary execution fee of \$0.15 per contract for trading on the ISE; a surcharge of between \$.05 and \$.15 for trading certain licensed products; and a \$.03 comparison fee (collectively "linkage fees").⁶ These are the same fees that all ISE Members pay for non-customer transactions executed on the Exchange.⁷ The ISE does not charge for the execution of Satisfaction Orders sent through Linkage and is not proposing to charge for such orders.

In the Permanent Fee Filing, the ISE discusses in detail the reasons why it believes it is appropriate to charge fees for P Orders and P/A Orders executed through Linkage. ISE believes that market makers on competing exchanges always can match a better price on the ISE and never are obligated to send orders to the ISE through Linkage.

⁴ See Securities Exchange Act Release No. 52168 (July 29, 2005), 70 FR 45454 (August 5, 2005) (extending the Linkage fee pilot program until July 31, 2006).

⁵ See Securities Exchange Act Release No. 54074 (June 30, 2006), 71 FR 38917 (July 10, 2006) ("P Order Fee Filing").

⁶ Pursuant to other pilot programs, certain linkage fees may not apply during the Linkage pilot program.

⁷ The ISE charges these fees only to its Members, generally firms who clear P Orders and P/A Orders for market makers on the other linked exchanges.

However, if such market makers do seek the ISE's liquidity, whether through conventional orders or through the use of P Orders or P/A Orders, ISE believes it is appropriate to charge its Members the same fees levied on other non-customer orders. Because the Commission is continuing to study Linkage in general and the effect of fees on Linkage trading, the proposal would extend the current pilot program for Linkage fees⁸ for one year while the Commission considers the Permanent Fee Filing.

2. Statutory Basis

The Exchange believes that the basis under the Act for the proposed rule change is the requirement under Section 6(b)(4) of the Act⁹ that an exchange have an equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities.

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

The Exchange believes that the proposed rule change does not 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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-ISE-2006-38 on the subject line.

⁸ Under the current pilot program, while fees for both P Orders and P/A orders are currently set at \$0.15 per contract, the ISE has proposed to increase the fee for P Orders to \$0.24 per contract in the P Order Fee Filing.

⁹ 15 U.S.C. 78f(b)(4).

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-ISE-2006-38. 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 the 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 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-ISE-2006-38 and should be submitted on or before August 22, 2006.

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

After careful consideration, 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 and, in particular, the requirements of Section 6(b) of the Act¹¹ and the rules and regulations thereunder. The Commission finds that the proposed rule change is consistent with Section 6(b)(4) of the Act,¹² which requires that the rules of the Exchange provide for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities. The Commission believes that

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

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(4).

the extension of the Linkage fee pilot until July 31, 2007 will give the Exchange and the Commission further opportunity to evaluate whether such fees are appropriate.

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act,¹³ for approving the proposed rule change prior to the thirtieth day after publication of notice thereof in the **Federal Register**. The Commission believes that granting accelerated approval of the proposed rule change will preserve the Exchange's existing pilot program for Linkage fees without interruption as the Exchange and the Commission further consider the appropriateness of Linkage fees.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁴ that the proposed rule change (SR-ISE-2006-38) is hereby approved on an accelerated basis for a pilot period to expire on July 31, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁵

Jill M. Peterson,

Assistant Secretary.

[FR Doc. E6-12273 Filed 7-31-06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54214; File No. SR-NASD-2006-082]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Revisions to the Series 22 Examination Program

July 26, 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 July 14, 2006, the National Association of Securities Dealers, Inc. ("NASD") 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 NASD. NASD has designated the proposed rule change as constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or

enforcement of an existing rule of the self-regulatory organization pursuant to Section 19(b)(3)(A)(i) of the Act³ and Rule 19b-4(f)(1) thereunder,⁴ which renders the proposal effective upon receipt of this filing by the Commission. 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

NASD is filing revisions to the study outline and selection specifications for the Limited Representative—Direct Participation Programs (Series 22) examination program.⁵ The proposed revisions update the material to reflect changes to the laws, rules and regulations covered by the examination and to better reflect the duties and responsibilities of a direct participation programs representative. NASD is not proposing any textual changes to the By-Laws, Schedules to the By-Laws, or Rules of NASD.

The revised study outline is available on NASD's Web site (<http://www.nasd.com>), at NASD, and at the Commission.⁶ The Series 22 selection specifications have been submitted to the Commission under separate cover with a request for confidential treatment pursuant to Rule 24b-2 under the Act.⁷

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

In its filing with the Commission, NASD 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. NASD has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

¹ 15 U.S.C. 78s(b)(3)(A)(i).

² 17 CFR 240.19b-4(f)(1).

³ NASD also is proposing corresponding revisions to the Series 22 question bank, but based upon instruction from the Commission staff, NASD is submitting SR-NASD-2006-082 for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(1) thereunder, and is not filing the question bank for Commission review. See letter to Alden S. Adkins, Senior Vice President and General Counsel, NASD Regulation, from Belinda Blaine, Associate Director, Division of Market Regulation ("Division"), Commission, dated July 24, 2006. The question bank is available for Commission review.

⁴ Telephone conversation between Mia Zur, Special Counsel, Division, Commission, and Afshin Atabaki, Counsel, NASD, dated July 19, 2006.

⁵ 17 CFR 240.24b-2.

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

1. Purpose

Section 15A(g)(3) of the Act⁸ requires NASD to prescribe standards of training, experience, and competence for persons associated with NASD members. In accordance with that provision, NASD has developed examinations, and administers examinations developed by other self-regulatory organizations, that are designed to establish that persons associated with NASD members have attained specified levels of competence and knowledge. NASD periodically reviews the content of the examinations to determine whether revisions are necessary or appropriate in view of changes pertaining to the subject matter covered by the examinations.

Pursuant to NASD Rule 1032(c), an associated person of a member who meets the definition of representative in NASD Rule 1031 may register with NASD as a Limited Representative—Direct Participation Programs if: (1) The individual's activities in the investment banking and securities business are limited solely to the solicitation, purchase, and/or sale of equity interests in or debt of direct participation programs as defined in NASD Rule 1022(e)(2) and (2) the individual passes the Series 22 qualification examination.

A committee of industry representatives, together with NASD staff, recently undertook a review of the Series 22 examination program. As a result of this review, NASD is proposing to make the following revisions to the study outline to reflect changes to the laws, rules and regulations covered by the examination and to better reflect the duties and responsibilities of a direct participation programs representative. NASD is proposing to add a section on SEC Form S-1 registration. NASD also is proposing to add a section on NASD Rule 2370 (Borrowing from or Lending to Customers) and a section on like-kind exchanges.

In addition, NASD is proposing to revise the study outline to remove the sections on Section 4(3) (Transactions by a dealer) under the Securities Act of 1933⁹ and SEC Rule 174 (Delivery of prospectus by dealers; exemptions under Section 4(3)).¹⁰ Further, NASD is proposing to remove the sections on NASD Rules 1040 (Registration of Assistant Representatives and Proctors) and 1110 (formerly Registration of

⁸ 15 U.S.C. 78o-3(g)(3).

⁹ 15 U.S.C. 77d(3).

¹⁰ 17 CFR 230.174.

¹³ 15 U.S.C. 78s(b)(2).

¹⁴ *Id.*

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.