

LEO special base rates, as adjusted by the applicable locality payment.”

(2) Page 67452: Section III.D.5.—In the first sentence, insert “LEO special base rate,” after “GS rate.”

(3) Page 67452: Section III.D.6. In the second sentence, insert “GS base” after “maximum” and “or LEO special base rates” before “of each band”. In the third sentence, insert “under 5 U.S.C. 5305” after “special rates”.

(4) Page 67452: Section III.D.7. Replace “special salary rate” with “special rate” throughout paragraph 7. In the first sentence, insert “under 5 U.S.C. 5305” before “will be used”. In the second sentence, replace “5 CFR 530.303” with “5 CFR 530.304”.

(5) Page 67453: Section III.D.13. In the second sentence, insert “GS base rate, LEO special base rate,” before “locality rate” in the parenthetical.

(6) Page 67453: Section III.D. 14. In the second sentence, insert “GS base rate, LEO special base rate,” before “locality rate” in the parenthetical.

(7) Page 67455: Section IV.A.1. In the first sentence, insert “or LEO special base schedule” after “GS base schedule” in the parenthetical.

(8) Page 67455: Section IV.B.2. In the first sentence, insert “or LEO special base schedule” after “GS base schedule” in the parenthetical.

(9) Page 67455: Section IV.B.3. In the third sentence, insert “or LEO special base rate” after “GS base rate”. Delete the last parenthetical.

(10) Page 67455—67456: Section IV.B.5. Delete all text in paragraph 5. after the first sentence.

(11) Page 67456: Section IV.B.6. In the second sentence, replace “GS rate” with “GS rates” and delete “of basic pay (or converted special rate, if applicable)”.

(12) Page 67456: Section IV.C. Replace last sentence with “(See 5 CFR 531.407(b) for additional information on equivalent increase determinations.)”

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54338; File No. SR–CBOE–2006–49]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving a Proposed Rule Change and Amendment No. 1 Thereto To Allow Listing of Up to Seven Short-Term Options Series per Class

August 21, 2006.

On June 27, 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”) ¹ and Rule 19b–4 thereunder, ² a proposed rule change to modify its short-term option series pilot program (“Pilot Program”) ³ to change the number of short-term series that may be listed in an options class from five to seven. The Exchange filed Amendment No. 1 with the Commission on July 11, 2006. ⁴ The amended proposal was published for comment in the **Federal Register** on July 19, 2006. ⁵ No comments were received. This order approves the proposed rule change, as amended.

The Pilot Program currently provides that the Exchange may open up to five short-term series for each expiration date in an approved class. CBOE has proposed to increase the maximum to seven. The Exchange has stated it would list approximately the same number of series with strike prices above and below the price of the underlying security or value of the index at about the time the series is opened. CBOE also proposed that, if the Exchange has opened less than seven series in a particular options class for a given expiration date, it could open additional series in that class if the Exchange deems it necessary to maintain an orderly market or meet customer demand, or when the current value of the underlying index moves substantially from the exercise price or prices of the series already opened.

After careful review, the Commission finds that the proposal 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 believes that the proposal is consistent with the requirements of section 6(b)(5) of the Act, ⁷ which requires, among other things, that the rules of a national securities exchange

be designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. The proposal is a reasonable expansion of a Pilot Program that offers the market potentially useful products while not appearing to raise any concerns about quote capacity. ⁸

It is therefore ordered, pursuant to section 19(b)(2) of the Act, ⁹ that the proposed rule change (File No. SR–CBOE–2006–49), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority. ¹⁰

Nancy M. Morris,
Secretary.

[FR Doc. E6–14193 Filed 8–25–06; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54336; File No. SR–CBOE–2006–69]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Extension of a Pilot Program That Increases the Standard Position and Exercise Limits for Certain Options Traded on the Exchange

August 18, 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 August 9, 2006, the Chicago Board Options Exchange, Incorporated (“CBOE” 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 CBOE. The Exchange has filed the proposal as a “non-controversial” rule change pursuant to Section

⁸ The Exchange, should it wish to propose an extension, expansion, or permanent approval of the Pilot Program, must submit a report on the Pilot Program to the Commission. See Securities Exchange Act Release No. 51172 (February 9, 2005), 70 FR 7979 (February 16, 2005). The Commission notes that the Exchange submitted a report on June 13, 2006, in connection with its filing to extend the Pilot Program through July 12, 2007. See Securities Exchange Act Release No. 53684 (June 14, 2006), 71 FR 35718 (June 21, 2006).

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ See Securities Exchange Act Release No. 52011 (July 12, 2005), 70 FR 41451 (July 19, 2005) (SR–CBOE–2004–63) (approving short-term option series on a pilot basis through July 12, 2006). The Pilot Program has since been extended through July 12, 2007. See Securities Exchange Act Release No. 53984 (June 14, 2006), 71 FR 35718 (June 21, 2006) (SR–CBOE–2006–48).

⁴ In Amendment No. 1, a partial amendment, the Exchange corrected a typographical error in the proposed rule text.

⁵ See Securities Exchange Act Release No. 54133 (July 12, 2006), 71 FR 41062.

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)(5).

19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders it effective upon filing with 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

The CBOE proposes to extend an existing pilot program that increases the standard position and exercise limits for certain options traded on the Exchange ("Pilot Program"). The text of the proposed rule change is available on the CBOE's Web site (<http://www.cboe.com>), at the CBOE's principal office, 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 CBOE 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. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Pilot Program, as previously approved by the Commission, provides for an increase to the standard position and exercise limits for equity option contracts and for options on QQQs for a six-month period.⁵ Specifically, the Pilot Program increased the applicable position and exercise limits for equity options and options on the QQQQ in accordance with the following levels:

Current equity option contract limit ⁶	Pilot program equity option contract limit ⁷
13,500 contracts	25,000 contracts.
22,500 contracts	50,000 contracts.
31,500 contracts	75,000 contracts.
60,000 contracts	200,000 contracts.
75,000 contracts	250,000 contracts.
*Except when the Pilot Program is in effect.	
Current QQQQ option contract limit	Pilot program QQQQ option contract limit
300,000 contracts	900,000 contracts.

The purpose of the proposed rule change is to extend the Pilot Program for an additional six-month period, through March 1, 2007. The Exchange believes that extending the Pilot Program for six months is warranted due to the positive feedback from members and for the reasons cited in the original rule filing that proposed the adoption of the Pilot Program.⁶ Also, the Exchange has not encountered any problems or difficulties relating to the Pilot Program since its inception. For these reasons, the Exchange requests that the Commission extend the Pilot Program for the aforementioned additional period.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements provided under Section 6(b)(5)⁷ of the Act that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and, in general, to protect investors and the public interest.

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

The CBOE 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

Because the forgoing rule change does not: (1) Significantly affect the protection of investors or the public interest; (2) impose any significant

burden on competition; and (3) become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(6) thereunder.⁹

A proposed rule change filed under 19b-4(f)(6) normally may not become operative prior to 30 days after the date of filing.¹⁰ However, Rule 19b-4(f)(6)(iii)¹¹ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange provided the Commission with written notice of its intent to file this proposed rule change at least five business days prior to the date of filing the proposed rule change. In addition, the Exchange has requested that the Commission waive the 30-day pre-operative delay. The Commission believes that waiving the 30-day pre-operative delay is consistent with the protection of investors and in the public interest because it will allow the Pilot Program to continue uninterrupted.¹²

At any time within 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 Act.

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 No. SR-CBOE-2006-69 on the subject line.

Paper Comments

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

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ The Pilot Program was approved by the Commission on February 23, 2005. See Securities Exchange Act Release No. 51244 (February 23, 2005), 70 FR 10010 (March 1, 2005) (order approving SR-CBOE-2003-30, as amended) ("Pilot Program Order"). The Pilot Program has been extended twice and is due to expire on September 1, 2006. See Securities Exchange Act Release Nos. 52262 (August 15, 2005), 70 FR 48995 (August 22, 2005) (notice of filing and immediate effectiveness of SR-CBOE-2005-61); and 53348 (February 22, 2006), 71 FR 10574 (March 1, 2006) (notice of filing and immediate effectiveness of SR-CBOE-2006-11).

⁶ See Pilot Program Order, *supra* note 5.

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

¹⁰ 17 CFR 240.19b-4(f)(6)(iii).

¹¹ *Id.*

¹² For the purposes only of waiving the pre-operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

All submissions should refer to File No. SR-CBOE-2006-69. 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 such filing will also be available for inspection and copying at the principal office of the CBOE. 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 No. SR-CBOE-2006-69 and should be submitted on or before September 18, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Nancy M. Morris,
Secretary.

[FR Doc. E6-14195 Filed 8-25-06; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54335; File No. SR-ISE-2006-47]

Self-Regulatory Organizations; International Securities Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Extension of a Pilot Period To Increase Position Limits and Exercise Limits for Equity Options and Options on the Nasdaq-100 Tracking Stock

August 18, 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 August

10, 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 ISE. The Exchange has filed the proposal as a "non-controversial" rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders it effective upon filing with 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

The ISE proposes to extend the time period for the ISE Rule 412 and ISE Rule 414 position and exercise limits pilot program for equity option contracts and options on the Nasdaq-100 Index Tracking Stock ("QQQQ") ("Pilot Program"). The text of the proposed rule change is available on the ISE's Web site (<http://www.iseoptions.com>), at the ISE's principal office, 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 ISE 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. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Pilot Program provides for an increase to the standard position and exercise limits for equity option contracts and for options on QQQQs.⁵ The Pilot Program, after being extended on two prior occasions, is set to expire on September 1, 2006.⁶ Specifically, the

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ See Securities Exchange Act Release No. 51295 (March 2, 2005), 70 FR 11292 (March 8, 2005) (notice of filing and immediate effectiveness of SR-ISE-2005-14) ("Pilot Program Notice").

⁶ See Securities Exchange Act Release Nos. 53345 (February 22, 2006), 71 FR 10579 (March 1, 2006) (notice of filing and immediate effectiveness of SR-

Pilot Program increased the applicable position and exercise limits for equity options and options on the QQQQ to the following levels:

Current equity option contract limit ⁷	Pilot program equity option contract limit
13,500 contracts	25,000 contracts.
22,500 contracts	50,000 contracts.
31,500 contracts	75,000 contracts.
60,000 contracts	200,000 contracts.
75,000 contracts	250,000 contracts.
Current QQQQ option contract limit	Pilot program QQQQ option contract limit
300,000 contracts	900,000 contracts.

The purpose of the proposed rule change is to extend the Pilot Program for an additional six-month period, until March 1, 2007. The Exchange believes that extending the Pilot Program for six months is warranted due to the positive feedback from members and for the reasons cited in the original rule filing that proposed the adoption of the Pilot Program.⁸ Additionally, the Exchange represents that it has not experienced any problems or difficulties relating to the Pilot Program since its inception. For these reasons, the Exchange requests that the Commission extend the Pilot Program until March 1, 2007.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁹ in general, and furthers the objective of Section 6(b)(5) of the Act¹⁰ in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest.

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

The proposed rule change does not impose any burden on competition.

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.

ISE-2006-10; and 52265 (August 15, 2005), 70 FR 48996 (August 22, 2005) (notice of filing and immediate effectiveness of SR-ISE-2005-39).

⁷ Except when the Pilot Program is in effect.

⁸ See Pilot Program Notice, *supra* note 5.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.