

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

Nancy M. Morris,

Secretary.

[FR Doc. E6-20053 Filed 11-27-06; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54785; File No. SR-OCC-2006-18]

### Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Cash-Settled Interest Rate Futures

November 20, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> notice is hereby given that on October 3, 2006, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by OCC. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>2</sup> whereby the proposal was 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 proposed rule change allows OCC to clear and settle cash-settled interest rate futures.

#### 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.<sup>3</sup>

#### (A) Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The Philadelphia Board of Trade (“PBOT”) has proposed to trade futures contracts on the three-month London Interbank Offered Rate for U.S. dollars as announced by the British Bankers Association (“BBA”) (“LIBOR Futures”). PBOT intends to list LIBOR Futures with eleven and one-half consecutive years of daily maturities. A separate series of LIBOR Futures will mature on each day on which PBOT and OCC are both open for business. A new series will be opened each business day to replace the maturing series so that on any given date approximately 2,900 series will be outstanding.

The daily settlement price for each LIBOR Future will be the average of the closing PBOT best bid/best offer, and the final settlement price will be based on the three-month LIBOR rate as reported by the BBA in its daily fixing at 6 a.m. Greenwich Mean Time on the maturity date. PBOT has set the multiplier at \$2,500 in order to size the contract to reflect the three-month return on a deposit of \$1,000,000 earning interest at LIBOR. Prices for LIBOR Futures will be quoted as 100 minus a percentage rate expressed in increments of .0025. For example, if the three-month LIBOR rate is 5.0050%, the 100-RATE futures contract would be priced at 94.9950.

The final variation payment will be made on the business day following the last day of trading and will equal the difference between the final settlement price and the most recent settlement price (or the contract price if the contract was entered into since the most recent daily settlement price was established) times the multiplier.

Interest rate futures fall within the definition of “commodity futures” in Section 1a(4) of the Commodity Exchange Act (“CEA”), which includes “all \* \* \* rights, and interests in which contracts for future delivery are presently or in the future dealt in.” OCC therefore proposes to clear this product in its capacity as a “derivatives clearing organization” registered under Section 5b of the CEA. The Commission previously approved amendments to Article XII of OCC’s By-Laws and Chapter XIII of OCC’s Rules, both of which are titled Futures and Futures Options, to allow OCC to provide clearance and settlement services for commodity futures.<sup>4</sup>

OCC’s rules currently provide for the trading of cash-settled futures contracts, and only very minor changes are needed to accommodate LIBOR Futures. From OCC’s perspective, LIBOR Futures will look like any other cash-settled future. The proposed rule change amends OCC’s By-Laws to add the defined term “interest rate future” and to revise the definition of “multiplier” to make it more generic and more accurate as applied to cash-settled futures contracts. The proposed rule change also amends the definition of “unit of trading” to make it more generic in its application to futures contracts even though for purposes of the present rule change there is no need to use the term with respect to interest rate futures. OCC further proposes to add a reference to interest rate futures in Rule 1301, which describes the manner in which variation payments are calculated.

OCC is also making several changes to the Clearing Agreement with PBOT. The most significant of these changes is to expand the types of PBOT commodity contracts that are cleared and settled by OCC. The Clearing Agreement currently provides for the clearance and settlement of foreign currency futures only. OCC is proposing to amend Section 3 of the Clearing Agreement to provide for the clearance and settlement of futures with underlyings other than foreign currencies as well as to accommodate the trading of futures options and commodity options, and to permit the parties to agree on underlyings for futures, futures options, and commodity options by completion and execution of a schedule in the form attached to the Clearing Agreement as Schedule C. The parties have also agreed upon and included with the Clearing Agreement a Schedule C-1 for interest rate futures. The provisions of Section 3 of the Amended and Restated Clearing Agreement with respect to the selection of underlying interests are similar to those in the Agreement for Clearing and Settlement Services between OCC and CBOE Futures Exchange, LLC (“CFE Agreement”) filed for immediate effectiveness in Filing No. SR-OCC-2003-06.<sup>5</sup>

In addition, OCC is proposing to amend the Clearing Agreement to: provide that OCC will attempt where possible to consult with PBOT with respect to margin requirements for products governed by the Clearing Agreement; allow PBOT to consult with OCC to the extent it believes margin requirements are too high or otherwise inappropriate; provide for

<sup>5</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>3</sup> The Commission has modified parts of these statements.

<sup>4</sup> Securities Exchange Act Release No. 45946 (May 16, 2002), 67 FR 36056 (May 22, 2002) [File No. SR-OCC-2001-16].

<sup>5</sup> Securities Exchange Act Release No. 49124 (January 26, 2004), 69 FR 4554 (January 30, 2004).

indemnification of OCC by PBOT based on claims of infringement of intellectual property rights or similar claims in connection with commodity contracts governed by the Clearing Agreement; and provide for the transfer of open positions from OCC to a successor clearing organization in the event PBOT makes alternative clearing arrangements. OCC is proposing to make several other less significant changes to the Clearing Agreement, many of which are designed to conform the Clearing Agreement to the agreement between OCC and CFE.

OCC believes that the proposed rule change is consistent with Section 17A of the Act because it is designed to permit OCC to clear certain commodity futures transactions without creating any adverse impact upon the prompt and accurate clearance and settlement of transactions in securities. The proposed rule change is not inconsistent with the existing rules of OCC, including any other rules proposed to be amended.

*(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**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>6</sup> and Rule 19b-4(f)(4)<sup>7</sup> promulgated thereunder because the proposal effects a change in an existing service of OCC that (A) does not adversely affect the safeguarding of securities or funds in the custody or control of OCC or for which it is responsible and (B) does not significantly affect the respective rights or obligations of OCC or persons using the service. At any time within sixty 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.

**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-OCC-2006-18 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-2006-18. 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-2006-18 and should be submitted on or before December 19, 2006.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Nancy M. Morris,

Secretary.

[FR Doc. E6-20050 Filed 11-27-06; 8:45 am]

BILLING CODE 8011-01-P

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-54802; File No. SR-Phlx-2006-72]

**Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to New Hours of Business on the Exchange's Foreign Currency Options Floor**

November 21, 2006.

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> notice is hereby given that on November 8, 2006, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III 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.

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

The Phlx, pursuant to Section 19(b)(1) of the Act<sup>3</sup> and Rule 19b-4 thereunder,<sup>4</sup> proposes to modify its hours of business for dealings on the Exchange to change the opening of foreign currency options ("FCOs") trading from 2:30 a.m. Eastern Time ("ET") to 7:30 a.m. ET. The change would become effective on December 1, 2006. The text of the proposed rule change is available on the Phlx's Web site (<http://www.phlx.com>), at the Phlx'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 Exchange included statements concerning the purpose of, and basis for,

<sup>8</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(1).

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

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>7</sup> 17 CFR 240.19b-4(f)(4).