

that the amended plan is necessary or appropriate in the public interest and for the protection of investors, to foster cooperation and coordination among self-regulatory organizations, and to remove impediments to and foster the development of a national market system. In particular, the Commission continues to believe that the plan is an achievement in cooperation among the SRO participants, and that the plan will reduce unnecessary regulatory duplication by allocating to the designated SRO the responsibility for certain options-related sales practice matters that would otherwise be performed by multiple SROs. The plan promotes efficiency by reducing costs to firms that are members of more than one of the SRO participants. In addition, because the SRO participants coordinate their regulatory functions in accordance with the plan, the plan promotes, and will continue to promote, investor protection.

## V. Conclusion

This order gives effect to the amended plan submitted to the Commission that is contained in File No. S7-966. The SRO participants shall notify all members affected by the amended plan of their rights and obligations under the amended plan.

It is therefore ordered, pursuant to Sections 17(d)<sup>16</sup> of the Act, that the amended plan of the Amex, BSE, CBOE, ISE, NASD, NYSE, NYSE Arca, and Phlx filed pursuant to Rule 17d-2<sup>17</sup> is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>18</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55539; File Nos. SR-Amex-2007-21; SR-BSE-2007-07; SR-CBOE-2007-13; SR-ISE-2007-12; SR-NYSEArca-2007-28; SR-Phlx-2007-21]

### Self-Regulatory Organizations; American Stock Exchange LLC and Chicago Board Options Exchange, Incorporated: Notice of Filing and Order Granting Accelerated Approval to Proposed Rule Changes; Boston Stock Exchange, Inc.; International Securities Exchange, LLC; NYSE Arca, Inc.; and Philadelphia Stock Exchange, Inc.: Notice of Filing and Order Granting Accelerated Approval to a Proposed Rule Change, as Amended, Relating to Linkage Orders

March 27, 2007.

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 February 16, 2007, February 20, 2007, February 13, 2007, February 6, 2007, March 14, 2007, and March 14, 2007, the American Stock Exchange LLC (“Amex”), the Boston Stock Exchange, Inc. (“BSE”), the Chicago Board Options Exchange, Incorporated (“CBOE”), the International Securities Exchange, LLC (“ISE”), NYSE Arca, Inc. (“NYSE Arca”), and the Philadelphia Stock Exchange, Inc. (“Phlx”) (each, an “Exchange” and, collectively, the “Exchanges”), respectively, filed with the Securities and Exchange Commission (“Commission”) the proposed rule changes as described in Items I and II below. On March 12, 2007, March 13, 2007, March 19, 2007, and March 20, 2007, BSE, ISE, NYSE Arca, and Phlx, respectively, filed Amendment No. 1 to their proposed rule changes.<sup>3</sup> On March 21, 2007, Phlx filed Amendment No. 2 to its proposed rule change.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule changes, as amended, from interested persons and is approving the proposed rule changes, as amended, on an accelerated basis.

### I. Self-Regulatory Organizations’ Statement of the Terms of Substance of the Proposed Rule Changes

The Exchanges propose to amend their respective rules pertaining to the Intermarket Options Linkage

(“Linkage”) to conform such rules to Joint Amendment No. 22<sup>5</sup> of the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage (“Linkage Plan”).<sup>6</sup> The text of the proposed rule changes are available at the Exchanges’ Web sites,<sup>7</sup> the Exchanges’ principal offices, and at the Commission’s Public Reference Room.

### II. Self-Regulatory Organizations’ Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

In its filing with the Commission, each Exchange included statements concerning the purpose of, and basis for, its 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 Exchanges have prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

#### A. Self-Regulatory Organizations’ Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

##### 1. Purpose

The Exchanges propose to reduce certain “turn-around” times in the Linkage to 5 seconds. Specifically, if a member<sup>8</sup> of an Exchange does not receive a response to its Linkage Order<sup>9</sup> within 5 seconds, that member would be able to reject any response purporting to be an execution received thereafter. The member would also be able to trade

<sup>5</sup> See Securities Exchange Act Release No. 55436 (March 8, 2007), 72 FR 12639 (March, 16, 2007) (File No. 4-429).

<sup>6</sup> On July 28, 2000, the Commission approved a national market system plan for the purpose of creating and operating the Linkage proposed by Amex, CBOE, and ISE. See Securities Exchange Act Release No. 43086 (July 28, 2000), 65 FR 48023 (August 4, 2000). Subsequently, Phlx, Pacific Exchange, Inc. (n/k/a NYSE Arca, Inc.), and BSE joined the Linkage Plan. See Securities Exchange Act Release Nos. 43573 (November 16, 2000), 65 FR 70851 (November 28, 2000); 43574 (November 16, 2000), 65 FR 70850 (November 28, 2000); and 49198 (February 5, 2004), 69 FR 7029 (February 12, 2004).

<sup>7</sup> See <http://www.amex.com>, <http://www.bostonstock.com>, <http://www.cboe.com>, <http://www.iseoptions.com>, <http://www.nyse.com>, and <http://www.phlx.com>.

<sup>8</sup> The term “member,” as used herein, includes NYSE Arca OTP Holders and OTP Firms and Boston Options Exchange (“BOX”) Options Participants. See NYSE Arca Rules 1.1(q) and 1.1(r) and Chapter I, Sec. 1(a)(40) of BOX Rules, respectively.

<sup>9</sup> See Section 2(16) of the Linkage Plan. For the purposes of these proposed rule changes only, references to “Linkage Orders” herein pertain to Principal Acting as Agent (“P/A”) Orders and Principal Orders. See Section 2(16)(a) and (b) of the Linkage Plan, respectively, for definitions of “P/A Order” and “Principal Order.”

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

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

<sup>3</sup> Amendment No. 1 effected technical corrections to the proposed rule texts.

<sup>4</sup> Amendment No. 2 effected a technical correction to the proposed rule text.

<sup>16</sup> 15 U.S.C. 78q(d).

<sup>17</sup> 17 CFR 240.17d-2.

<sup>18</sup> 17 CFR 200.30-3(a)(34).

through the Exchange that failed to respond within 5 seconds. Similarly, if a member of one Exchange responds to a Linkage Order more than 5 seconds after receiving that order, and the Exchange that sent the Linkage Order cancels such response, the member would be required to cancel any purported trade resulting from that order. The Exchanges state that, as they have become more automated, experience with Linkage indicates that reducing the turn-around time to 5 seconds is expected to facilitate speedy executions of orders while not adversely affecting the ability of members to make markets on their Exchanges. The Exchanges submitted the proposed rule changes in conjunction with Joint Amendment No. 22 to the Linkage Plan.<sup>10</sup>

## 2. Statutory Basis

The Exchanges believe the proposed rule changes are consistent with the Act and the rules and regulations under the Act applicable to national securities exchanges and, in particular, the requirements of Section 6(b) of the Act.<sup>11</sup> Specifically, the Exchanges believe the proposed rule changes are consistent with the requirements of Section 6(b)(5) of the Act<sup>12</sup> that the rules of an exchange be designed to prevent fraudulent and manipulative acts, 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.

### *B. Self-Regulatory Organizations' Statement on Burden on Competition*

The Exchanges believe that the proposed rule changes would impose no burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

### *C. Self-Regulatory Organizations' Statement on Comments on the Proposed Rule Changes Received From Members, Participants or Others*

The Exchanges have neither solicited nor received comments on these proposals.

## III. Solicitation of Comments

Interested persons are invited to submit written data, views, and

arguments concerning the foregoing, including whether the proposed rule changes are 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 Numbers SR-Amex-2007-21; SR-BSE-2007-07; SR-CBOE-2007-13; SR-ISE-2007-12; SR-NYSEArca-2007-28; SR-Phlx-2007-21 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 Numbers SR-Amex-2007-21; SR-BSE-2007-07; SR-CBOE-2007-13; SR-ISE-2007-12; SR-NYSEArca-2007-28; SR-Phlx-2007-21. These file numbers 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 submissions, all subsequent amendments, all written statements with respect to the proposed rule changes that are filed with the Commission, and all written communications relating to the proposed rule changes 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 filings also will be available for inspection and copying at the principal offices of the Exchanges. 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 Numbers SR-Amex-2007-21; SR-BSE-2007-07; SR-CBOE-2007-13; SR-ISE-2007-12; SR-NYSEArca-2007-28; SR-Phlx-2007-21 and should be submitted on or before April 23, 2007.

## IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Changes

After careful consideration, the Commission finds that the proposed rule changes, as amended, are consistent with the requirements of the Act and the rules and regulations thereunder, applicable to national securities exchanges.<sup>13</sup> In particular, the Commission finds that the proposals are consistent with the provisions of Section 6(b)(5) of the Act<sup>14</sup> in that they are 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 believes that reducing the time required by an Exchange to respond to a Linkage Order and reducing the amount of time a member sending a Linkage Order must wait before trading through a nonresponsive Exchange should facilitate the more timely execution of orders across the Exchanges.

The Commission also finds good cause, pursuant to Section 19(b)(2) of the Act<sup>15</sup> for approving the proposal prior to the thirtieth day after the date of publication of the notice of the filing thereof in the **Federal Register**. Granting accelerated approval would facilitate the implementation of these changes in conjunction with the Joint Amendment No. 22 to the Linkage Plan.<sup>16</sup>

## V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule changes (SR-Amex-2007-21 and SR-CBOE-2007-13) and proposed rule changes (SR-BSE-2007-07; SR-ISE-2007-12; SR-NYSEArca-2007-28; and SR-Phlx-2007-21), as amended, are hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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<sup>13</sup> In approving this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. See U.S.C. 78c(f).

<sup>14</sup> 15 U.S.C. 78f(b)(5).

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

<sup>16</sup> See *supra* note 10.

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

<sup>10</sup> 10 Joint Amendment No. 22 to the Linkage Plan became summarily effective for a period not to exceed 120 days on March 8, 2007. See *supra* note 5.

<sup>11</sup> 11 15 U.S.C. 78f(b).

<sup>12</sup> 2 15 U.S.C. 78f(b)(5).