

the section 6(b)(5)<sup>9</sup> requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

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

CBOE does not believe that the proposed rule change will result in 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 neither solicited nor received comments on the proposal.

### **III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, it has become effective pursuant to section 19(b)(3)(A) of the Act<sup>10</sup> and Rule 19b-4(f)(6) thereunder.<sup>11</sup>

Normally, a proposed rule change filed under 19b-4(f)(6) may not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)<sup>12</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay. In its filing, the Exchange noted that waiver of the 30-day operative delay, and immediate implementation of the described rule change, would allow the Exchange to (i) implement

direct-booking of non-marketable non-Hybrid 3.0 Classes concurrent with related fee changes, which were filed with the Commission for immediate effectiveness on December 21, 2007 and which take effect on January 1, 2008; and (ii) immediately utilize HAL in Hybrid 3.0 Classes, which will allow Market-Makers appointed to the relevant Hybrid 3.0 option class to electronically participate on qualifying flashed orders.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The proposed rule change will allow a greater number of users to trade against certain orders sooner. In addition, initiating HAL for Hybrid 3.0 Classes provides further automation to order handling by allowing Market-Makers to electronically participate on such orders. Accordingly, consistent with the protection of investors and the public interest, the Commission designates the proposed rule change to be operative upon filing with the Commission.<sup>13</sup>

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 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-CBOE-2007-153 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-CBOE-2007-153. This file

<sup>13</sup> For the purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of 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 Number SR-CBOE-2007-153 and should be submitted on or before January 29, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-57078; File No. SR-CHX-2007-28]

#### **Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Trade Processing Fees**

December 31, 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 December 21, 2007, the Chicago Stock Exchange, Inc. ("Exchange" or "CHX") filed with the Securities and Exchange

<sup>14</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>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires that a self-regulatory organization submit to the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Commission notes that CBOE has satisfied the five-day pre-filing notice requirement.

<sup>12</sup> 17 CFR 240.19b-4(f)(6)(iii).

Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been substantially 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**

Through this filing, the Exchange proposes to amend its Schedule of Participant Fees and Assessments (the “Fee Schedule”) to provide that recently-modified processing fees would no longer be assessed on a per-report basis, but would be rolled up and assessed on a per-trade basis. The text of the proposed rule change is available on the Exchange’s Web site ([http://www.chx.com/rules/proposed\\_rules.htm](http://www.chx.com/rules/proposed_rules.htm)), at the Exchange’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 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**

Under the Exchange’s Fee Schedule, the Exchange assesses a fee in connection with the processing of certain away-market trades that are sent to clearing through the Exchange’s

facilities.<sup>3</sup> The fees are charged for each report submitted to clearing.<sup>4</sup>

Through this filing, the Exchange would amend the Fee Schedule to provide that the fees would no longer be assessed on a per-report basis, but would be rolled up and assessed on a per-trade basis.<sup>5</sup> The Exchange has recently made changes to its billing process that would allow the fee to be calculated in this manner and believes that this revised calculation method provides a fair and reasonable means of assessing this fee.<sup>6</sup>

##### **2. Statutory Basis**

The Exchange believes that the proposed rule change is consistent with section 6(b)(4) of the Act,<sup>7</sup> in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its members.

#### *B. Self-Regulatory Organization’s Statement on 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.

<sup>3</sup> The Exchange recently increased this fee to \$0.0035/share, up to a maximum of \$100 per side, for clearing reports in Tape A and B securities and to \$0.0025/share, up to a maximum of \$100 per side, for clearing reports in Tape C securities. See Securities Exchange Act Release No. 56833 (November 21, 2007), 72 FR 67616 (November 29, 2007) (SR-CHX-2007-26). The Exchange also recently began to apply the fee to trades in all securities, instead of limiting the fee to securities that are not listed or traded on the Exchange. See *id.* These fee changes were designed to help offset the Exchange’s costs of processing these transactions for clearing.

<sup>4</sup> Each away-market trade may be composed of more than one clearing report. For example, if a single away-market trade for 4,000 shares includes a clearing report for 1,000 shares between Firm A and Firm B and a clearing report for 3,000 shares between Firm A and Firm C, a separate fee would be assessed on each clearing report. As a result, Firm A could be charged up to \$100 per side on each of the two clearing reports, resulting in a potential fee of \$200.

<sup>5</sup> Under this revised fee, in the example set out in footnote 4 above, Firm A would be charged up to only \$100 per side on the full 4,000 shares associated with the away-market trade.

<sup>6</sup> The Exchange currently uses this “rolled-up” method to calculate the transaction fees charged for agency transactions that are handled by its institutional brokers. See Fee Schedule, paragraph E.3. By calculating the transaction and processing fees in the same way, the Exchange hopes to eliminate any confusion that may have resulted from its initial choice of a different calculation method. Moreover, the fees that are generated through the processing of clearing reports under this new calculation method will still serve to help offset the Exchange’s associated costs of providing the service, thus ensuring that the fee equitably allocates the Exchange’s costs among its participants.

<sup>7</sup> 15 U.S.C. 78f(b)(4).

#### *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 foregoing proposed rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective upon filing pursuant to section 19(b)(3)(A) of the Act<sup>8</sup> and Rule 19b-4(f)(2) thereunder.<sup>9</sup> 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 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 No. SR-CHX-2007-28 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-CHX-2007-28. 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

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 19b-4(f)(2).

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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the CHX. 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-CHX-2007-28 and should be submitted on or before January 29, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57073; File No. SR-FINRA-2007-028]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Revisions to the Series 24 Examination Program

December 31, 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 December 12, 2007, Financial Industry Regulatory Authority, Inc. ("FINRA") (f/k/a National Association of Securities Dealers, Inc. ("NASD")) filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared substantially by FINRA. FINRA has designated this proposal 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 Act<sup>3</sup> and Rule 19b-4(f)(1) thereunder,<sup>4</sup> which renders the proposal 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

FINRA is filing revisions to the study outline and selection specifications for the General Securities Principal (Series 24) examination program.<sup>5</sup> 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 General Securities Principal. FINRA is not proposing any textual changes to the By-Laws, Schedules to the By-Laws, or Rules of FINRA.

The text of the proposed rule change is available at <http://www.finra.org>, the principal offices of FINRA, and the Commission's Public Reference Room. The Series 24 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.<sup>6</sup>

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

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

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

<sup>4</sup> 17 CFR 240.19b-4(f)(1).

<sup>5</sup> FINRA also is proposing corresponding revisions to the Series 24 question bank, but based upon instruction from the Commission staff, FINRA is submitting SR-FINRA-2007-028 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, SEC, dated July 24, 2000, attached as Exhibit 3c to the proposed rule change. The question bank is available for Commission review.

<sup>6</sup> 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 Act<sup>7</sup> requires FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members. In accordance with that provision, FINRA has developed examinations, and administers examinations developed by other self-regulatory organizations, that are designed to establish that persons associated with FINRA members have attained specified levels of competence and knowledge. FINRA 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 1022(a), each associated person of a member who is included within the definition of principal in NASD Rule 1021(b), and each person designated as a Chief Compliance Officer on Schedule A of Form BD (Uniform Application for Broker-Dealer Registration), is required to register with FINRA as a General Securities Principal, or in such other limited principal registration categories as may be appropriate.<sup>8</sup> An associated person also may be required to register as a General Securities Principal due to other FINRA rule requirements.<sup>9</sup> The Series 24 examination is the FINRA examination that qualifies an individual to function as a General Securities Principal. An associated person seeking to register as a General Securities Principal also must register as either a General Securities Representative (Series 7) or, depending on the scope of his or her supervisory responsibilities, as a Limited Representative—Corporate Securities (Series 62).<sup>10</sup>

A committee of industry representatives, together with FINRA

<sup>7</sup> 15 U.S.C. 78o-3(g)(3).

<sup>8</sup> In addition, NYSE Rule 342.13 recognizes the Series 24 examination as an acceptable alternative to the General Securities Sales Supervisor (Series 9/10) examination for persons whose duties do not include supervision of options or municipal securities sales activities. FINRA has incorporated into its rulebook certain rules of NYSE, including NYSE Rule 342.13. FINRA's NYSE Rule 342.13 applies solely to those members of FINRA that also are members of NYSE on or after July 30, 2007.

<sup>9</sup> See, e.g., NASD Rules 3010(a)(2), 3010(a)(4) and 3012(a)(1).

<sup>10</sup> As a prerequisite to the Series 24 examination, FINRA also recognizes the Limited Registered Representative (Series 17), Canada Modules of the Series 7 (Series 37 and Series 38) and Limited Representative—Private Securities Offerings (Series 82) examinations.

<sup>10</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.