

and credits currently identified as applicable to transactions in shares priced below \$1.00.

Further, the Exchange will amend footnote 1 within the Schedule to explain that trade activity that occurs on days when the market closes early will not count towards volume tiers. In this manner, the Exchange will not unintentionally penalize an ETP Holder when it calculates its average daily volume by including a singularly low total stemming from a short trading day.

The Exchange will also renumber the footnotes within the Schedule where necessary.⁷

While changes to the Schedule pursuant to this proposal will be effective upon filing, the changes will become operative on July 1, 2008.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with section 6(b) of the Act,⁸ in general, and furthers the objectives of section 6(b)(4),⁹ in particular, in that it is intended to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities. The Exchange believes that the proposed fees and credits are reasonable. The proposed rates are part of the Exchange's effort to attract and enhance participation on the Exchange, by offering volume-based incentives. The Exchange also believes that the proposed changes to the Schedule are equitable in that they apply uniformly to their customers.

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.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments on the proposed rule change were neither solicited nor received.

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

The foregoing proposed rule change is subject to section 19(b)(3)(A)(ii) of the Act¹⁰ and subparagraph (f)(2) of Rule

19b-4 thereunder because it establishes or changes a due, fee, or other charge applicable only to a member imposed by a self-regulatory organization.

Accordingly, the proposal is effective upon Commission receipt of the filing. 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.¹¹

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 Number SR-NYSEArca-2008-64 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.
- All submissions should refer to File Number SR-NYSEArca-2008-64. 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, 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 NYSE Arca. 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-NYSEArca-2008-64 and should be submitted on or before July 21, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Florence E. Harmon,
Acting Secretary.

[FR Doc. E8-14766 Filed 6-27-08; 8:45 am]
BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-58008; File No. SR-NYSEArca-2008-61]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change To List and Trade Options on Reduced Values of the FTSE 100 Index and the FTSE 250 Index

June 24, 2008.

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 June 19, 2008, NYSE Arca, Inc. ("NYSE Arca" or the "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 substantially prepared by the Exchange. This order provides notice of the proposed rule change and approves it on an accelerated basis.

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

The Exchange proposes to amend certain Exchange rules to trade options on reduced values of the FTSE 100 Index and the FTSE 250 Index. The Exchange also proposes to list and trade long-term options on reduced values of the FTSE 100 Index and the FTSE 250 Index. Options on these indexes will be a.m. cash-settled and will have European-style exercise provisions.

The text of the proposed rule change is available on the Exchange's Web site at <http://www.nyse.com>, at the

⁷ As part of the reformatting, the Exchange is also proposing to add grid lines to the Schedule for ease of review.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

¹¹ 15 U.S.C. 78s(b)(3)(C).

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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. 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to list and trade on the Exchange a.m. cash-settled, European-style, index options on the FTSE 100 Index and the FTSE 250 Index (collectively, "FTSE Indexes"). Specifically, the Exchange proposes to list options based upon one-tenth of the value of the FTSE Indexes ("Mini FTSE Indexes"). In addition to regular options on the Mini FTSE Indexes, the Exchange may list long-term options on such Indexes ("FTSE LEAPS").³

The Exchange states that the FTSE 100 Index and the FTSE 250 Index are internationally recognized, capitalization-weighted indexes based on the prices of the most highly capitalized British stocks traded on the London Stock Exchange ("LSE"), a Recognized Investment Exchange under the Financial Services and Markets Act 2000 of the U.K. and regulated by the Financial Services Authority ("FSA") of the U.K. The LSE's Stock Exchange Electronic Trading Service ("SETS") is a fully electronic order book trading service. SETS is the central price formation and trading service for the securities comprising the FTSE 100 Index, the most liquid FTSE 250 securities, and equities that underlie EuronextLIFFE ("LIFFE") traded equity options. SETS market maker ("SETSm") is the LSE's trading service for, among others, the FTSE 250 securities that are not traded on SETS.

Currently, LIFFE lists equity options on the FTSE 100 Index and futures and futures options on the FTSE 250 Index. The Exchange notes that the Commission previously approved for

the Chicago Board Options Exchange ("CBOE") to list reduced-value options on the FTSE 100 Index, and for the International Securities Exchange ("ISE") to list reduced value options on both the FTSE 100 and the FTSE 250.⁴

Index Design and Composition

The FTSE 100 and 250 Indexes were created in the 1980s by the International Stock Exchange of the United Kingdom and the Republic of Ireland (the predecessor to the LSE) in conjunction with the Financial Times and a committee of U.K. financial institutions, including LIFFE. The Indexes are administered and maintained by FTSE International Limited ("FTSE").⁵ To qualify for inclusion in a FTSE Index, a company must satisfy, among others, the following conditions: (1) it must have a full listing on the London Stock Exchange; (2) it must not be a subsidiary of another FTSE Index constituent; and (3) it must be sufficiently liquid to be traded.⁶ The FTSE 100 Index consists of the largest 100 U.K. companies ranked by unadjusted market value, and the FTSE 250 consists of the next largest 250 U.K. companies ranked by unadjusted market value.⁷ The FTSE EMEA Committee conducts a quarterly review of the FTSE Indexes to ensure that its component stocks are representative of the state of the equity market for the largest U.K. companies.

*As of August 31, 2007, the following were the characteristics of the FTSE 100 Index:*⁸ (i) The total capitalization of all of the components in the Index is £1.50 trillion; (ii) regarding component capitalization, (a) the highest

capitalization of a component is £107.14 billion (BP Plc), (b) the lowest capitalization of a component is £861.13 million (Schroders NV), (c) the average capitalization of the components is 14.70 billion, and (d) the median capitalization of the components is £6.02 billion; (iii) regarding component price per share, (a) the highest price per share of a component is £44.19 (Rio Tinto), (b) the lowest price per share of a component is 101 pence (ITV), (c) the mean price per share of a component is £8.60, and (d) the median price per share of a component is £7.16; (iv) regarding component weightings, (a) the highest weighting of a component is 7.14% (BP Plc), (b) the lowest weighting of a component is 0.04% (Schroders NV), (c) the mean weighting of the components is 0.99%, (d) the median weighting of the components is 0.45%, and (e) the total weighting of the top five highest weighted components is 29.36% (BP Plc, HSBC Holdings, Vodafone Group, GlaxoSmithKline, Royal Dutch Shell); (v) regarding component available shares, (a) the most available shares of a component is 5.03 billion (Vodafone Group), (b) the least available shares of a component is 66.90 million (Schroders NV), (c) the mean available shares of the components is 2.97 billion, and (d) the median available shares of the components is 1.24 billion; (vi) regarding the three-month average daily volumes of the components, (a) the highest three-month average daily volume of a component is 291.648 million (Vodafone Group), (b) the lowest three-month average daily volume of a component is 307,521 (Schroders NV), (c) the mean three-month average daily volume of the components is 15.77 million, (d) the median three-month average daily volume of the components is 8.01 million, (e) the average of three-month average daily volumes of the five most heavily traded components is 579.50 million (Vodafone Group, BP Plc, Corus Group, BT Group, Tesco), and (f) 100% of the components had a three-month average daily volume of at least 50,000.

*As of August 31, 2007, the following were the characteristics of the FTSE 250 Index:*⁹ (i) The total capitalization of all of the components in the Index is £260.34 billion; (ii) regarding component capitalization, (a) the highest capitalization of a component is £3.97 billion (Taylor Wimpey), (b) the lowest capitalization of a component is

³ Under NYSE Arca Rule 5.19(b)(1) "Index LEAPS Options Series," the Exchange may list long-term options that expire from 12 to 60 months from the date of issuance.

⁴ See Securities Exchange Act Release No. 29722 (September 23, 1991), 56 FR 49807 (October 1, 1991) (order approving SR-CBOE-91-07); Securities Exchange Act Release No. 53484 (March 14, 2006) 71 FR 14268 (March 21, 2006) (order approving SR-ISE-2005-25).

⁵ The FTSE Europe, Middle East and Africa ("EMEA") Committee is responsible for, among other things, establishing rules to determine, review, and modify the composition of the FTSE Indexes, as well as how the FTSE Indexes are calculated. The FTSE EMEA Committee is comprised of representatives from various financial institutions including, among others, FTSE, Barclays Global Investors, Goldman Sachs, and LIFFE.

⁶ See "Ground Rules for the Management of the UK Series of the FTSE Actuaries Share Indices," at <http://www.ftse.com> for complete eligibility criteria.

⁷ Unadjusted market capitalization (as opposed to a "free-float" index methodology) refers to the total number of shares outstanding multiplied by the share price. A "free-float" index methodology usually excludes shares held by strategic investors by way of cross ownership, government ownership, private ownership, and restricted share ownership.

⁸ The Exchange deems information regarding characteristics of the FTSE 100 accurate as per data available from various sources, including the FTSE 100 Fact Sheet published by FTSE International Ltd. and the Bloomberg Financial Web sites.

⁹ The Exchange deems information regarding characteristics of the FTSE 250 accurate as per data available from various sources, including the FTSE 250 Fact Sheet published by FTSE International Ltd. and Bloomberg Financial Web sites.

£369.09 million (JPM European), (c) the average capitalization of the components is £1.03 billion, and (d) the median capitalization of the components is £830 million; (iii) regarding component price per share, (a) the highest price per share of a component is £52.93 (Greggs), (b) the lowest price per share of a component is 28 pence (PartyGaming), (c) the mean price per share of a component is £4.60, and (d) the median price per share of a component is £5.97; (iv) regarding component weightings, (a) the highest weighting of a component is 1.53% (Taylor Wimpey), (b) the lowest weighting of a component is 0.06% (JP Morgan European), (c) the mean weighting of the components is 0.41%, (d) the median weighting of the components is 0.30%, and (e) the total weighting of the top five highest weighted components is 6.13% (Taylor Wimpey, Tulow Oil, First Group, Ladbrokes, Invensys); (v) regarding component available shares, (a) the most available shares of a component is 3.96 billion (PartyGaming), (b) the least available shares of a component is 16.41 million (Daejan), (c) the mean available shares of the components is 367.10 million, and (d) the median available shares of the components is 211.60 million; (vi) regarding the three-month average daily volumes of the components, (a) the highest three-month average daily volume of a component is 30.80 million (PartyGaming), (b) the lowest three-month average daily volume of a component is 10,900 (Daejan), (c) the mean three-month average daily volume of the components is 2.41 million, (d) the median three-month average daily volume of the components is 769,801, (e) the average of three-month average daily volumes of the five most heavily traded components is 97.29 million (PartyGaming, Bradford & Bingley, Debenhams, LogicaCMG, and Hays), and (f) 98% of the components had a three-month average daily volume of at least 50,000.

Index Calculation and Index Maintenance

The base index value of the FTSE 100 Index and the FTSE 250 Index, was 1000, as of December 31, 1983, and 1412.60, as of December 31, 1985, respectively. As of April 17, 2008, the index value of the FTSE 100 Index and the FTSE 250 Index was 5980.4 and 10,089.4, respectively. The Exchange believes that these levels are too high for successful options trading. As a result, the premiums for options on the full values of the FTSE Indexes are high, which may deter retail investors.

Accordingly, the Exchange proposes to base trading in options on a fraction of the full size FTSE Indexes. In particular, the Exchange proposes to list Mini FTSE Index options that are based on one-tenth of the value of each of the FTSE Indexes.¹⁰ The Exchange believes that listing options on reduced values will attract a greater source of customer business than if options were based on the full value of the FTSE Indexes. The Exchange further believes that listing options on reduced values will provide an opportunity for investors to hedge, or speculate on, the market risk associated with the stocks comprising the FTSE Indexes. Additionally, by reducing the values of the FTSE Indexes, investors will be able to use this trading vehicle while extending a smaller outlay of capital. The Exchange believes that this should attract additional investors, and, in turn, create a more active and liquid trading environment.¹¹

Index levels for options on the Mini FTSE Indexes are calculated by FTSE, and are currently disseminated by ISE every 15 seconds during the Exchange's regular trading hours to market information vendors via the Options Price Reporting Authority ("OPRA").¹² In the event ISE no longer disseminates such index levels, the Exchange will cause such index levels to be disseminated via OPRA, the Consolidated Tape Association, or one or more major market data vendors. The methodology used to calculate the value of the FTSE Indexes is similar to the methodology used to calculate the value of other well-known market-capitalization weighted indexes. The level of each FTSE Index reflects the total market value of the component stocks relative to a particular base period and is computed by dividing the total market value of the companies in each index by its respective index divisor.¹³

¹⁰ As noted above, the Exchange also proposes to list LEAPS on the Mini FTSE Indexes.

¹¹ The concept of listing reduced value options on an index is not a novel one. For example, the Commission has previously approved the listing of reduced value options on the S&P 500 Index, the NASDAQ 100 Index, and the NYSE Composite Index. See Securities Exchange Act Release Nos. 32893 (September 14, 1993), 58 FR 49070 (September 21, 1993) (S&P 500 Index); and 48681 (October 22, 2003), 68 FR 62337 (November 3, 2003) (NYSE Composite Index). See also Securities Exchange Act Release No. 43000 (June 30, 2000), 65 FR 42409 (July 10, 2000) (relating to a reduction in the value of the NASDAQ 100 Index).

¹² The FTSE Indexes will be published daily through major quotation vendors, such as Reuters.

¹³ A divisor is an arbitrary number chosen at the starting date of an index to fix the index starting value. The divisor is adjusted periodically when capitalization amendments are made to the constituents of the index in order to allow the index value to remain comparable over time. Without a

The FTSE Indexes are updated on a real-time basis from 8 a.m. to 4:30 p.m. (London time), which corresponds to 3 a.m. to 11:30 a.m. (New York time). After 11:30 a.m. (New York time), OPRA disseminates a static value of the FTSE Indexes until the close of trading each day. The FTSE Indexes are calculated using the last traded price of the component securities. If a component security does not open for trading, the price of that security at the close or the index on the previous day is used in the calculation.¹⁴

The FTSE Indexes will be monitored and maintained by FTSE. FTSE will be responsible for making all necessary adjustments to the indexes to reflect component deletions, share changes, stock splits, stock dividends (other than an ordinary cash dividend), and stock price adjustments due to restructuring, mergers, or spin-offs involving the underlying components. Some corporate actions, such as stock splits and stock dividends, require simple changes to the available shares outstanding and the stock prices of the underlying components. Other corporate actions, such as share issuances, that change the market value would require changing the index divisor to effect adjustments.

The FTSE Indexes are reviewed each quarter in March, June, September, and December based on market capitalization. Based on information submitted by FTSE, the FTSE EMEA Committee approves the new index components and a reserve list of six companies for the FTSE 100 Index. If a company is deleted from the FTSE 100 Index between reviews as a result of a merger, takeover, or other corporate action, the highest ranking company from the reserve list will replace it in the index.

Although the Exchange is not involved in the maintenance of any of the FTSE Indexes, the Exchange represents that it will monitor each FTSE Index on a quarterly basis. The Exchange will not list any additional series for trading and will limit all transactions in such options to closing transactions only if, with respect to any FTSE Index: (i) The number of securities in a FTSE Index drops by one-third or more; (ii) 10% or more of the weight of a FTSE Index is represented by component securities having a market

divisor the index value would change when corporate actions took place and would not reflect the true value of an underlying portfolio upon which the index is based.

¹⁴ The FTSE Indexes are published daily in the Financial Times and are available in real-time on Reuters, Bloomberg, and other market information systems which disseminate information on a real-time basis.

value of less than \$50 million; (iii) 10% or more of the weight of a FTSE Index is represented by component securities trading less than 20,000 shares per day; or (iv) the largest component security accounts for more than 15% of the weight of a FTSE Index or the largest five components in the aggregate account for more than 50% of the weight of a FTSE Index. As of May 15, 2008, the FTSE Indexes comply with these criteria.

In the event the FTSE Indexes cease to be maintained or calculated, or their values are not disseminated every 15 seconds by a widely available source, the Exchange will not list any additional series for trading and will limit all transactions in such options to closing transactions only for the purpose of maintaining a fair and orderly market and protecting investors.

Exercise and Settlement Value

Options on the FTSE Indexes will expire on the Saturday following the third Friday of the expiration month. Trading in the FTSE Indexes will normally cease at 4:15 p.m. (New York time) on the Thursday preceding an expiration Saturday. The index value for exercise of the FTSE Index options will be calculated based on the LSE's Exchange Delivery Settlement Price ("EDSP") intra-day auction, which was introduced by LSE in November of 2004. The EDSP is a settlement value calculated by Euronext-LIFFE for FTSE index futures and options contracts traded on its exchange. The EDSP value is calculated using an intra-day auction process administered by the LSE for all the component stocks of the FTSE 100 Index and the FTSE 250 Index. The intra-day auction occurs between 10:10 a.m. and 10:29 a.m. (London time) for the FTSE 100 Index, and between 10:10 a.m. and 10:31 a.m. (London time) for the FTSE 250 Index on the third Friday of the expiration month. Therefore, because trading in the expiring contract months will normally cease on a Thursday at 4:15 p.m. (New York time), the EDSP for exercise will be determined the day after trading has ceased, *i.e.*, during the Friday morning LSE trading session, by 5:31 a.m. (New York time). The last automated traded price prior to the EDSP auction or the previous day's closing price will be used to calculate the final EDSP if a security did not participate in the auction. During the auction process, indications of the settlement price for each index are widely disseminated every 15 seconds via special indexes called Expiry Indexes. The purpose of the Expiry Indexes is to disseminate expected settlement values as the

auction progresses. When the auction is finished, the final values of the Expiry Indexes are disseminated as the EDSP values. The Expiry Indexes and subsequent EDSP values are widely disseminated through major market data vendors including Reuters, Bloomberg, and Thomson.

If the LSE is closed on the Friday before expiration, but the Exchange remains open, then the last trading day for expiring FTSE Index options will be moved earlier to Wednesday as if the Exchange had had a Friday holiday. The settlement index value used for exercise will be calculated during LSE's EDSP intra-day auction on Thursday morning.

Contract Specifications

The contract specifications for options on the FTSE Indexes are set forth in Exhibits 3-1 and 3-2 to the proposed rule change. The FTSE Indexes are broad-based indexes, as defined in NYSE Arca Rule 5.12. Options on the FTSE Indexes are European-style and a.m. cash-settled. The Exchange's standard trading hours for broad-based index options (6:30 a.m. to 1:15 p.m., Pacific time), as set forth in Rule 7.1, will apply to the FTSE Indexes. Exchange rules that are applicable to the trading of options on broad-based indexes will apply to the reduced values of the FTSE Indexes.¹⁵ Specifically, the trading of reduced values of the FTSE Indexes will be subject to, among others, Exchange rules governing margin requirements and trading halt procedures for index options. Options shall be quoted and traded in U.S. dollars.

For options on the Mini FTSE Indexes, the Exchange proposes to amend Rule 5.15 to state that all broad-based index options contracts shall be subject to a contract limitation fixed by the Exchange, which shall not be larger than the limits provided in the chart included in Rule 5.15. The proposed amended Rule 5.15 would establish aggregate position limits for options on the Mini FTSE Indexes at 250,000 contracts on the same side of the market, provided no more than 150,000 of such contracts are in the nearest expiration month series. Additionally, the Exchange proposes to amend NYSE Arca Rule 5.17 relating to the availability of an index option hedge exemption for public customers. The proposed rule change would specify that, for options on broad-based indexes other than for those that do not have any position limits, the hedge exemption is 75,000 contracts in addition to the

standard limit.¹⁶ Furthermore, proprietary accounts of members may receive an exemption of up to 500,000 contracts for the purpose of facilitating public customer orders.¹⁷

The Exchange proposes to apply broad-based index margin requirements for the purchase and sale of options on the Mini FTSE Indexes. Accordingly, purchases of put or call options with 9 months or less until expiration must be paid for in full. Writers of uncovered put or call options must deposit/maintain 100% of the option proceeds, plus 15% of the aggregate contract value (current index level x \$100), less any out-of-the-money amount, subject to a minimum of the option proceeds plus 10% of the aggregate contract value for call options and a minimum of the option proceeds plus 10% of the aggregate exercise price amount for put options.

The Exchange proposes to set strike price intervals at least 2½ points for certain near-the-money series in near-term expiration months when the index level of the FTSE Indexes is below 200, and 5-point strike price intervals for other options series with expirations up to one year, and at least 10-point strike price intervals for longer-term options. The minimum tick size for series trading below \$3 shall be \$0.05, and for series trading at or above \$3, the minimum tick size shall be \$0.10.

The Exchange proposes to list options on reduced values of the FTSE Indexes in the three consecutive near-term expiration months plus up to three successive expiration months in the March cycle. For example, consecutive expirations of January, February, March, plus June, September, and December expirations would be listed.¹⁸ In addition, long-term option series having up to sixty months to expiration may be traded.¹⁹ The trading of long-term FTSE Indexes shall be subject to the same rules that govern the trading of all the Exchange's index options, including sales practice rules, margin requirements, and trading rules.

Options on the Mini FTSE Indexes shall be subject to the same rules that presently govern the trading of Exchange index options, including sales practice rules, margin requirements, trading rules, and position and exercise limits.

The Exchange proposes to amend Rule 5.19(a)(7)(A) to specify Mini FTSE

¹⁶ The same limits that apply to position limits shall apply to exercise limits for these products.

¹⁷ See NYSE Arca Rule 6.8, Commentary .08.

¹⁸ See NYSE Arca Rule 5.19(a)(3).

¹⁹ See NYSE Arca Rule 5.19(b)(1). The Exchange is not listing reduced value LEAPS on the FTSE Indexes pursuant to NYSE Arca Rule 5.19(b)(2).

¹⁵ See NYSE Arca Rule 5.12.

Index options as a.m.-settled options approved for trading on the Exchange. The Exchange also proposes to add Commentary .01 to Rule 5.22 (Disclaimers) to specify that FTSE International Limited is the reporting authority for the FTSE 100 and 250 Indexes.

Surveillance and Capacity

The Exchange represents that it has an adequate surveillance program in place for options traded on the FTSE Indexes and intends to apply those same program procedures that it applies to the Exchange's other index options. Additionally, the Exchange has provided the Commission, on a confidential basis, a representation made by FTSE to the Exchange regarding FTSE's insider trading policies, as they pertain to the broker-dealer members of FTSE's EMEA Committee who are charged with the selection of component securities that comprise the FTSE Indexes. The FTSE EMEA Committee members are also required to maintain in confidence, including non-disclosure to another party, any information that they may be given by virtue of their membership of the FTSE EMEA Committee, unless such information is already in the public domain or where disclosure is required by law. NYSE Arca is also a member of the Intermarket Surveillance Group (ISG). The members of the ISG include all of the U.S. registered stock and options markets. In addition, the LSE and LIFFE are members of ISG. ISG members work together to coordinate surveillance and investigative information sharing in the stock and options markets. In addition, the major futures exchanges are members of the ISG, which allows for the sharing of surveillance information for potential intermarket trading abuses.

The Exchange has the necessary systems capacity to support new options series that will result from the introduction of reduced values of the FTSE Indexes, including LEAPS. The Exchange has provided the Commission system capacity information that supports its system capacity representations.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with and furthers the objectives of Section 6(b)(5) of the Act,²⁰ in that it is designed to prevent fraudulent and manipulative acts and practices, 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 Exchange believes that the proposed rule change will provide for additional competition in the U.S. options markets in trading FTSE Index options, to the benefit of the investing public.

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.

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. 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-NYSEArca-2008-61 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-NYSEArca-2008-61. 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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. 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-NYSEArca-2008-61 and should be submitted on or before July 21, 2008.

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.²¹ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b) of the Act,²² in general, and furthers the objectives of Section 6(b)(5),²³ in particular, in that it is 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.

Because the FTSE 100 and FTSE 250 Indexes are broad-based indexes of actively traded, well-capitalized stocks, the trading of the proposed Index options on the Exchange does not raise unique regulatory concerns. The options on the Mini FTSE Indexes will be traded under NYSE Arca's existing regulatory regime for index options, which includes among other things, positions and exercise limits and margin requirements. Additionally, the Exchange has represented that it has adequate system capacity and surveillance for these Index options and that the index value will be disseminated at least every 15 seconds. In addition, as ISG members, NYSE Arca, LSE, and LIFFE work together to coordinate surveillance and investigate information sharing in the stock and options markets.

²¹ In approving this proposal, the Commission notes that it has considered the proposal's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

²² 15 U.S.C. 78f(b).

²³ 15 U.S.C. 78f(b)(5).

²⁰ 15 U.S.C. 78f(b)(5).

Under Section 19(b)(2) of the Act,²⁴ the Commission may not approve any proposed rule change prior to the thirtieth day after publication of the notice of the filing thereof, unless the Commission find good cause for so doing and publishes its reasons for so finding. The Commission believes that the proposed rule filing does not raise any new, unique or substantive issues from those raised in similar proposals previously approved the Commission,²⁵ allowing other exchanges to list and trade reduced value index options on the FTSE Indexes. Accordingly, the Commission hereby finds good cause for approving the proposed rule change thereto prior to thirtieth day after the date of publication of notice of filings thereof in the **Federal Register**.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁶ that the proposed rule change (SR-NYSEArca-2008-61) be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

Florence E. Harmon,

Acting Secretary.

[FR Doc. E8-14767 Filed 6-27-08; 8:45 am]

BILLING CODE 8010-01-P

SMALL BUSINESS ADMINISTRATION

Community Express Pilot Program

AGENCY: U.S. Small Business Administration (SBA).

ACTION: Notice of Plan to Extend and Restructure the Community Express Pilot Program.

SUMMARY: This notice extends the Community Express Pilot Program in its current form through September 30, 2008 and announces SBA's plan to restructure the program. The restructured Community Express will be effective October 1, 2008 to provide SBA's lending partners a transition period to implement the changes and to accommodate any Community Express loan applications lenders may have in process. This notice also extends the Community Express Pilot Program through December 31, 2009. Finally, this notice reminds SBA's participating

lenders of the statutory limitation on the number of loans SBA can process under a pilot program.

DATES: The Community Express Pilot Loan Program is extended in its current form through September 30, 2008. The effective date of the changes to Community Express is October 1, 2008, and SBA is extending the restructured Community Express as a pilot program through December 31, 2009.

FOR FURTHER INFORMATION CONTACT: Charles Thomas, Office of Financial Assistance, U.S. Small Business Administration, 409 Third Street, SW., Washington, DC 20416; Telephone (202) 205-6490; *charles.thomas@sba.gov*.

SUPPLEMENTARY INFORMATION: The Community Express Pilot Program was established in 1999 based on the Agency's SBA Express Program. Lenders approved for participation in Community Express are authorized to use the expedited loan processing procedures in place for SBA Express, but the loans approved under Community Express must be to distressed or underserved markets. In addition, participating lenders must arrange and, when necessary, pay for appropriate management and technical assistance for their Community Express borrowers. To encourage lenders to make these loans, SBA provides its standard 75-85 percent guaranty, which contrasts with the 50 percent guaranty the Agency provides under SBA Express. The maximum loan amount under this pilot program is \$250,000.

Following extensive internal analysis and discussion, as well as discussions with SBA's lending partners, SBA is restructuring and enhancing the Community Express Pilot Program to improve its management, administration, oversight, and delivery. Through this notice, SBA is extending the Community Express Pilot Program in its current form through September 30, 2008. Also, SBA is providing its lending partners with advance notification of the key features of the restructured Community Express Pilot Program and SBA's plans for implementing the restructured program, including the publication of procedural guidance and the availability of a transition period for lenders.

Under the restructured Community Express Pilot Program, borrower eligibility will be more clearly defined. First, small businesses whose principal office (as defined in 13 CFR 126.103) is located in a HUBZone or Community Reinvestment Act (CRA) area will be eligible for Community Express. These geographic areas are easily identifiable and searchable through Web-based

facilities available through the Internet. Second, loans of \$25,000 or less regardless of where the principal office of the business is located will be eligible for Community Express. Third, loans made under SBA Headquarters approved special market initiatives designed to support local community/economic development will be eligible for Community Express.

In addition, SBA is retaining the technical assistance (T/A) requirement of Community Express, but giving lenders the option to use SBA's new online Small Business Training Network (SBTN) and other SBA T/A resources to meet the program's requirements. Lenders will continue to be required to document in their loan file the T/A received by the borrower.

With the availability of SBA's SBTN and SBA's other T/A resources and with the Agency's higher 75-85 percent guaranty, the maximum interest rate lenders may charge for Community Express loans will be limited to the rate applicable under standard 7(a). Under standard 7(a), lenders may charge interest rates up to Prime plus 2.25 percent for loans with maturities of less than seven years and Prime plus 2.75 percent for loans with maturities that are seven years or greater. Lenders may charge rates 2 percent higher for loans of \$25,000 or less and 1 percent higher for loans between \$25,000 and \$50,000.

SBA will publish detailed procedural guidance on the program's changes in coming weeks, which will be followed by lender support and training through its district offices. To assist lenders in understanding and implementing the restructured Community Express Pilot Program and to accommodate Community Express loan applications that lenders may already have in process, SBA will delay implementation of the changes until October 1, 2008. But, as of October 1, 2008, all Community Express loans must conform to the requirements and procedures of the restructured Community Express Pilot Program.

Community Express is being extended as a pilot program until December 31, 2009, which will allow SBA time to fully evaluate the results of these changes.

Because Community Express is a pilot program, SBA must ensure that it complies with Section 7(a)(25) of the Small Business Act, which prohibits the Agency from approving under any 7(a) pilot loan program more than 10 percent of the total number of 7(a) loans SBA approves in any fiscal year. During the early months of Fiscal Year 2008, SBA received loan guaranty requests under Community Express at a volume that

²⁴ 15 U.S.C. 78s(b)(2).

²⁵ See Securities Exchange Act Release No. 29722 (September 23, 1991), 56 FR 49807 (October 1, 1991) (order approving SR-CBOE-91-07); 53484 (March 14, 2006), 71 FR 14268 (March 21, 2006) (order approving SR-ISE-2005-25).

²⁶ 15 U.S.C. 78s(b)(2).

²⁷ 17 CFR 200.30-3(a)(12).