The Exchange states that the purpose of extending the Exchange's payment for order flow program for an additional year is to remain competitive with other options exchanges that administer payment for order flow programs.

The proposal, consistent with the Exchange's current payment for order flow program, will remain in effect as a pilot program that is scheduled to expire on May 27, 2007, the same date as the one-year pilot program in effect in connection with the provisions of Exchange Rule 1080(l) relating to Directed Orders.[12]

2. Statutory Basis

The Exchange believes that its proposal to amend its schedule of fees is consistent with section 6(b) of the Act[13] in general, and furthers the objectives of section 6(b)(4) of the Act[14] in particular, in that it is an equitable allocation of reasonable, dues, fees and other charges among Exchange 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.

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

No written comments were either solicited or received.

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

The foregoing proposed rule change has been designated as a fee change pursuant to section 19(b)(3)(A)(ii) of the Act[15] and Rule 19b–4(f)(2)[16] thereunder, because it establishes or changes a due, fee, or other charge imposed by the Exchange. Accordingly, the proposal will take effect upon filing with the Commission. At any time within 60 days of the filing of such 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.

[12] *See supra* note 6.

[13] 15 U.S.C. 78f(b).

[14] 15 U.S.C. 78f(b)(4).

[15] 15 U.S.C. 78s(b)(3)(A)(ii).

[16] 17 CFR 240.19b–4(f)(2).

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–Phlx–2006–33 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–Phlx–2006–33. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of the filing also will be available for inspection and copying at the principal office of the Phlx. 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–Phlx–2006–33 and should be submitted on or before June 16, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[17]

Nancy M. Morris,

Secretary.

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BILLING CODE 8010–01–P

[17] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–53846; File No. SR–Phlx–2005–65]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto Relating to the Exchange's Business Conduct Committee and Disciplinary Rules

May 19, 2006.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 2, 2005, the Philadelphia Stock Exchange, Inc. (''Phlx'' or ''Exchange'') 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 by the Phlx. On May 16, 2006, the Phlx filed Amendment No. 1 to the proposed rule change.[3] The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Phlx proposes to amend Exchange By-Law Article X, Section 10–11, Business Conduct Committee and Exchange Rules 960 and 970 to: (1) Establish a Hearing Officer position; (2) amend certain provisions relating to the retention and compensation of Hearing Panelists; (3) amend the hearing process as it relates to decisions issued by the Hearing Panel; and (4) make other minor, non-substantive changes to Exchange By-Law Article X, Section 10–11, Business Conduct Committee and Rules 960 and 970. Specifically, the proposal discussed below would create the new staff position of a ''Hearing Officer,'' who, along with two other Hearing Panelists, would hear contested disciplinary matters that previously were heard by the Business Conduct Committee (''BCC'' or ''Committee''). The text of the proposed rule change is available on the Phlx's Web site (*http://www.phlx.com*), at the Phlx's Office of the Secretary, and at the Commission's Public Reference Room.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] **SEE** Amendment No. 1.

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 Phlx 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 Phlx 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

Background: Currently, pursuant to Exchange Rule 960.5(a), a hearing on a Statement of Charges is held before a Hearing Panel composed of three persons appointed by the Chairman of the BCC or the Chairman's designee. The presiding person of each Hearing Panel is a member of the Committee. The other two persons on the Hearing Panel are members of the Exchange, or general partners or officers of member organizations, or such other persons whom the Chairman of the BCC or the Chairman's designee considers to be qualified.

Currently, pursuant to Exchange Rule 960.5(d), after the conclusion of the hearing, the Hearing Panel reviews the entire record of the proceeding and submits a written hearing report to the Committee containing proposed findings of fact, conclusions of violations and a recommendation as to appropriate sanctions, to be considered by the Committee at the next Committee meeting after the report is completed.

After reviewing the entire record of the disciplinary proceeding, the BCC, by a majority of the members voting, determines whether the Respondent has committed violations and the appropriate sanctions, if any.[4] The BCC then issues a written decision, including in its decision a statement of findings and conclusions, with the reasons therefor, upon all material issues presented in the record, and whether each violation within the disciplinary jurisdiction of the Exchange alleged in the statement of charges has occurred.

Hearing Officer

The Exchange proposes to establish a new permanent professional position of Hearing Officer. The responsibilities of the Hearing Officer would include, but are not limited to: presiding over hearings in contested disciplinary cases authorized by the Exchange's BCC, conducting pre-hearing conferences, ruling on procedural or discovery matters, scheduling hearing sessions, making all necessary evidentiary or other rulings (in consultation with the Hearing Panelists), regulating the conduct of the hearing, imposing appropriate sanctions for improper conduct by a party or a party's representative, drafting and issuing decisions on behalf of the Hearing Panel and rendering decisions in connection with Summary Disposition Proceedings.[5] The Hearing Officer would not be permitted to be involved in any manner in the investigation of possible misconduct, to participate in the consideration by the BCC of whether to institute a disciplinary action, to render a decision following a hearing without the concurrence of a majority of the Hearing Panel, to rule upon requests to disqualify the Hearing Officer or any member of the Hearing Panel, or to issue citations for violations of Exchange rules or floor procedure advices.[6]

The Hearing Officer would report to the Audit Committee for all performance and compensation purposes to help ensure that the Hearing Officer is completely neutral and accountable to the Audit Committee alone. The Hearing Officer would merely report to the General Counsel or his or her designee to comply with policies and procedures applicable to all employees of the Exchange, such as reporting vacation time or sick leave.

Hearing Panelists

Consistent with current practice, the Hearing Panelists would be selected based on their background, experience and training, which should qualify them to consider and make determinations regarding the subject matter to be presented to the Hearing Panel. Other factors to consider include the availability of the individual Hearing Panelists, the extent of their prior service on Hearing Panels and any relationship between such persons and the Respondent, which might make it inappropriate for such persons to serve on the Hearing Panel. The BCC Chair, or the Chair's designee, would select the Hearing Panelists for each matter from a pool of qualified panelists.[7]

After being designated as a qualified panelist, the Exchange intends to have each prospective panelist complete a mandatory training session to be conducted by the Hearing Officer. Qualified panelists would serve for three-year terms. After that time, if a panelist wished to continue serving, the panelist would be required to submit an updated application, which would be reviewed by the BCC.

Currently, pursuant to Exchange Rule 960.5(a)(4), Hearing Panelists may be compensated in extraordinary cases, as determined by the Chair of the BCC, in consultation with the Chairman of the Board of Governors.[8] The Exchange proposes that Hearing Panelists be compensated for all hearing sessions and for one deliberation session per disciplinary proceeding. A hearing session would be defined as any meeting between the parties and Hearing Panelists, including pre-hearing conferences. Hearing Panelists would be compensated at a fixed rate for each session that lasts four hours or less.[9] For example, if a hearing on a given day lasted a total of six hours, Hearing Panelists would be compensated for two hearing sessions. This fixed and non-negotiable rate would be the same for each hearing session, and for one deliberation session for which a Hearing Panel renders a decision, but no compensation would be paid for ''study time'' (*i.e.*, reviewing materials in preparation for a pre-hearing conference or hearing). If a case settled prior to a hearing, panelists would not receive any compensation, unless a pre-hearing conference (which is included in the definition of a hearing session and for which compensation would be given) was held. If a hearing were cancelled, the panelists would not be entitled to

[4] *See* Exchange Rule 960.8.

[5] *See* proposed Exchange Rule 960.6.

[6] In addition, in accordance with By-Law Article X, Section 10–11, the jurisdiction of the Hearing Officer and Hearing Panel shall not extend to the enforcement of rules and regulations of the Floor Procedure Committee or the Options Committee relating to order, decorum, health, safety and welfare on the trading floors, or to hearings held by and sanctions imposed by such committees relating to such matters, except as permitted by the rules of the Exchange or any interpretation thereof, and any regulations promulgated thereunder.

[7] The Exchange intends to form a ''pool'' of pre-qualified Hearing Panelists for contested disciplinary cases. In order to form this pool, the staff intends to develop a questionnaire, using as a model the questionnaire currently used by the NASD for potential members of arbitration panels. Members of the BCC would not be eligible to serve as Hearing Panelists. However, as discussed in proposed Rule 960.5(a)(7), if the Hearing Officer is unable to preside over the hearing for any reason, the Chair of the BCC shall appoint a qualified replacement Hearing Officer for that hearing, which could possibly include a member of the BCC.

[8] Factors to be considered when determining whether a case is extraordinary include, but are not limited to, the anticipated length of time of the hearing; the complexity and serious nature of the matter; and the magnitude of the potential penalty.

[9] Compensation for Hearing Panelists would be subject to a cap amount per day, regardless of the number of hearing sessions (or Board or Committee meetings attended).

compensation, but would be reimbursed for any travel-related expenses incurred, if applicable. If a Hearing Panelist is also a member of the Board, any Board or Standing Committee meetings that are held on the same day as the hearing would be considered a single meeting for the purposes of compensation.

Issuance of Decisions

If an Offer of Settlement (''Offer'') is submitted to the BCC before a hearing commences, even if the Hearing Panelists are selected, the Committee would still consider the Offer and, if accepted, issue a decision. If an Offer is submitted after a hearing commences, however, the Exchange staff would promptly submit its position with respect to such Offer. The Hearing Panelists would then determine whether to consider the Offer and, if considered, whether to accept or reject the Offer.[10]

A decision issued by the Hearing Panel would be considered final. Any appeal of the decision would be taken directly to the Exchange's Board of Governors.

The purpose of the proposal is to replace the current BCC hearing process described above to make it more efficient. By having a permanent and independent Hearing Officer and pre-screened, qualified Hearing Panelists, the formal hearing process should be expedited and the sanctioning process reconciled so that sanctions for similar misconduct are imposed more uniformly given that the same Hearing Officer would preside over all hearings.

Pre-screening Hearing Panelists and compensating them should also help to ensure that qualified panelists are selected to serve on Exchange Hearing Panels. In addition, the Exchange believes that having the Hearing Panel issue a final decision directly, without having to go to the BCC for review and approval, should help expedite the issuance of decisions.

2. Statutory Basis

The Exchange believes that its proposal is consistent with section 6(b) of the Act[11] in general, and furthers the objectives of sections 6(b)(5), 6(b)(6) and 6(b)(7) of the Act[12] in particular, in that this proposal should help to: (i) Protect investors and the public interest; (ii) appropriately discipline members, member organizations and persons associated with members or member organizations; and (iii) provide a fair procedure for the disciplining of members, member organizations and persons associated with members or member organizations.

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 either solicited or received.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Phlx consents, the Commission will:

(A) By order approve such proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

The Commission is considering granting accelerated approval of the proposed rule change at the end of a 15-day comment period.[13]

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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–Phlx–2005–65 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–Phlx–2005–65. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of the filing also will be available for inspection and copying at the principal office of the Phlx. 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–Phlx–2005–65 and should be submitted on or before June 12, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[14]

Nancy M. Morris,

Secretary.

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[10] The BCC will continue to hear any current matters through their completion if a hearing has already commenced. Thus, if the proposed rule change is approved by the Commission and implemented in the middle of an ongoing hearing, the BCC will hear that matter through its completion and will issue the decision accordingly.

[11] 15 U.S.C. 78f(b).

[12] 15 U.S.C. 78f(b)(5), (6) and (7).

[13] The Phlx has requested accelerated approval of this proposed rule change prior to the 30th day after the date of publication of the notice of the filing thereof.

[14] 17 CFR 200.30–3(a)(12).

SOCIAL SECURITY ADMINISTRATION

Agency Information Collection Activities: Proposed Request and Comment Request

The Social Security Administration (SSA) publishes a list of information collection packages that will require clearance by the Office of Management and Budget (OMB) in compliance with Public Law 104–13, the Paperwork Reduction Act of 1995, effective October 1, 1995. The information collection packages that may be included in this notice are for new information