

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- 54452; File No. SR-OC-2006-01)

September 15, 2006

Self-Regulatory Organization; OneChicago, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Block Trades

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-7 thereunder,² notice is hereby given that on September 6, 2006, OneChicago, LLC (“OneChicago” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

OneChicago has also filed the proposed rule change with the Commodity Futures Trading Commission (“CFTC”). OneChicago filed a written certification with the CFTC under Section 5c(c) of the Commodity Exchange Act³ on September 5, 2006.

I. Self-Regulatory Organization’s Description of the Proposed Rule Change

OneChicago proposes to amend its policy regarding block trades. The text of the proposed rule change is available at the principal office of the Exchange 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

¹ 15 U.S.C. 78s(b)(7).

² 17 CFR 240.19b-7.

³ 7 U.S.C. 7a-2(c).

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

OneChicago proposes to amend its current Policies: Block Trades, Pre-Execution Discussions and Cross Trades ("Block Trade Policy") to change the minimum contracts needed to enter into a block trade from 500 to 100; to clarify that block trades must be executed no earlier than one-half hour before the opening and no later than one-half after the close of the trading session; to incorporate language from OneChicago Rule 417; to permit members to report their block trades in a form and method approved by the Exchange; to clarify that a combination of trades may be necessary to achieve a specific price differential for an overall trade event and, for these trades, that information must be provided to link the related legs of the block trade event; and other non-substantive changes.

Currently, the minimum contract size for a block trade on OneChicago is 500 contracts. The proposed rule change would lower the minimum quantity needed for block trades to 100. The Exchange believes the proposed minimum contract size is consistent with similar requirements in the securities markets.⁴ Since an OneChicago futures contract on a single stock represents 100 shares of the underlying stock, the Exchange represents that the proposed block trade minimum contract size of 100 contracts is equivalent to 10,000 shares of the underlying

⁴ The New York Stock Exchange ("NYSE") requires a minimum of 10,000 contracts for a block trade. See NYSE ITS Block Trade Policy. See also Regulation NMS definition of block trade. 17 CFR 242.600(b).

stock.⁵

OneChicago also proposes to amend the Block Trade Policy to clarify the time in which block trades may be executed. Under the proposed rule change, all block trades must be executed no earlier than one-half hour before trading in the contract begins on OneChicago and no later than one-half hour after trading in the contract ends on OneChicago. The proposed rule change would also add language from OneChicago Rule 417, which requires that all block trades be reported to the Exchange without delay after the trades are executed, and the specific terms related to the block trades that must be reported. The Exchange believes that adding this portion of OneChicago Rule 417 into the Block Trade Policy will assist OneChicago members and others reviewing it.

In order to accommodate its members and provide flexibility in reporting, OneChicago proposes to add language to the Block Trade Policy to permit reporting of block trades in a form and method approved by the Exchange. This would permit a variety of methods for reporting block trades, such as electronic reporting, reporting by fax, as well as the current practice of reporting by telephone. Consistent with this change, the proposed rule change would add language to clarify that those reporting requirements related to calling the OneChicago Help Desk would only apply to phoned-in reports.

The proposed rule change would also add a new footnote to the Block Trade Policy related to price. The footnote would acknowledge that in some block transactions a combination of trades may be necessary to achieve a specific price differential for the overall trade event. The proposed rule change would also add language requiring the parties to such a block trade to submit sufficient information to link related legs to the block trade event. The Exchange

⁵ See OneChicago Rule 905.

believes that this information will be useful for its regulatory oversight of these transactions.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁶ in general, and Section 6(b)(5) of the Act,⁷ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

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

OneChicago 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

The Exchange has not solicited nor received comments on the proposed rule change.

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

The foregoing proposed rule change has become effective pursuant to Section 19(b)(7) of the Act.⁸ Within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.⁹

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78s(b)(7).

⁹ 15 U.S.C. 78s(b)(1).

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-OC-2006-01 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-OC-2006-01. 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 such filing also will be available for inspection and copying at the principal office of OneChicago. 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-OC-2006-01 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Nancy M. Morris
Secretary

¹⁰ 17 CFR 200.30-3(a)(73).