

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-55475; File No. SR-OC-2007-02)

March 15, 2007

Self-Regulatory Organizations; 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”),<sup>1</sup> and Rule 19b-7 under the Act,<sup>2</sup> notice is hereby given that on February 5, 2007, 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 substantially 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 Act<sup>3</sup> on February 2, 2007.

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

OneChicago is proposing to amend its policy regarding block trades, the text of which is available at the Exchange and 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

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<sup>1</sup> 15 U.S.C. 78s(b)(7).

<sup>2</sup> 17 CFR 240.19b-7.

<sup>3</sup> 7 U.S.C. 7a-2(c).

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 is proposing to amend its Policies: Block Trades, Pre-Execution Discussions and Cross Trades ("Block Trade Policy") relating to the block trade minimum contracts size. In addition to the current minimum contract size of 100 contracts for block trades, the proposed rule change would permit a minimum block trade contract size that is the equivalent to 10,000 shares of the underlying security for futures on single security (or combined securities if a relevant corporate event has occurred).

Based on its experience, the Exchange believes the proposed rule change would permit an appropriate minimum contract size for block trades. The proposed rule change would set a minimum contract size for block trades that is equivalent to the customary size of large transactions in relevant markets, i.e., the securities market. The proposed rule change would also permit a block trade size based on combined securities if a relevant corporate event has occurred. Combined securities would be relevant with certain corporate events, such as spin offs or three for two splits. For example, the Exchange has a March 2007 ABCD futures contract, which has a trading unit of 100 shares of ABCD. ABCD announces a spin-off in which an entity PQRS has been created and the spin-off ratio is one share of PQRS for every 10 shares of ABCD. The spin-off will occur ("the Ex date") before the expiration of the March 2007 ABCD futures contract. After the Ex date, the trading unit or deliverable shares for the March 2007 ABCD futures contracts would be 100 shares of ABCD and 10 shares of PQRS. The minimum block trade size for the March 2007 ABCD futures contract after the Ex date would be 91. Another

example would be when a corporate event results in a three for two split of shares. In that case, the trading unit or deliverable shares would be 150 (provided the trading unit for the futures contract was 100 shares), making the minimum block trade size 67 contracts.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act<sup>4</sup> in general and Section 6(b)(5) of the Act<sup>5</sup> 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

Comments on the proposed rule change have not been solicited and none have been received.

## 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.<sup>6</sup> 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

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

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

<sup>6</sup> 15 U.S.C. 78s(b)(7).

change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.<sup>7</sup>

#### 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-OC-2007-02 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-2007-02. 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

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<sup>7</sup> 15 U.S.C. 78s(b)(1).

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-2007-02 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.<sup>8</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>8</sup> 17 CFR 200.30-3(a)(73).