

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-52901; File No. SR-OPRA-2005-03)

December 6, 2005

Options Price Reporting Authority; Order Approving an Amendment to the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information to Provide that Classes of Foreign Currency Options Newly Introduced for Trading on the Philadelphia Stock Exchange Be Treated as Equity/Index Options During a Temporary Period Ending on December 31, 2007

On October 21, 2005, the Options Price Reporting Authority ("OPRA") submitted to the Securities and Exchange Commission ("Commission"), pursuant to Section 11A of the Securities Exchange Act of 1934 ("Act")¹ and Rule 608 thereunder,² an amendment to the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information ("OPRA Plan").³ The proposed OPRA Plan amendment would provide that classes of Foreign Currency Options ("FCO Securities" or "FCO"), newly introduced for trading on the Phlx during a temporary period ending no later than December 31, 2007, will be treated by OPRA as Equity/Index Options ("EIO Securities" or "EIO") to the extent described in the proposed amendment. Notice of the proposal was published in the Federal Register on November 7,

¹ 15 U.S.C. 78k-1.

² 17 CFR 242.608.

³ The OPRA Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Act and Rule 608 thereunder (formerly Rule 11Aa3-2). See Securities Exchange Act Release No. 17638 (March 18, 1981), 22 S.E.C. Docket 484 (March 31, 1981). The full text of the OPRA Plan is available at <http://www.opradata.com>.

The OPRA Plan provides for the collection and dissemination of last sale and quotation information on options that are traded on the participant exchanges. The six participants to the OPRA Plan are the American Stock Exchange LLC, the Boston Stock Exchange, Inc., the Chicago Board Options Exchange, Incorporated, the International Securities Exchange, Inc., the Pacific Exchange, Inc., and the Philadelphia Stock Exchange, Inc ("Phlx").

2005.⁴ The Commission received no comment letters on the proposed OPRA Plan amendment. This order approves the proposal.

FCO Securities under the OPRA Plan are currently traded only on the Phlx, which processes these options on a separate computer platform from its EIO Securities. The FCO platform is a legacy system, which is in the process of being converted to a newer technology. The Phlx has advised OPRA that it expects to have this effort completed no later than December 31, 2007, and that, in the meanwhile, the Phlx does not intend to devote resources to expanding the soon to be replaced legacy platform. Because the legacy FCO platform does not have the capacity to handle additional classes of FCO Securities that may be introduced for trading by the Phlx while the new platform is being developed, the Phlx has proposed to temporarily process any such new classes of FCO Securities on its EIO platform, which does have the capacity to handle them, until the new FCO platform is available. According to OPRA, this would mean that, while these new FCO Securities are on the EIO platform, their quotes and trade reports would be disseminated to OPRA over EIO data lines and not over the FCO data line. In turn, this would require OPRA to treat these quotes and trade reports as if they were EIO Securities. Thus, quotes and trade reports covering these new FCO Securities would be included in OPRA's basic service and not in its FCO service, and revenues and expenses pertaining to market data regarding these new FCO Securities would be allocated to OPRA's basic accounting center and further allocated among the parties to the OPRA Plan as if these products were EIO Securities and not FCO Securities.

OPRA represents that all currently traded FCO products would continue to be disseminated on the current FCO data line, and would continue to be treated by OPRA as FCO

⁴ See Securities Exchange Act Release No. 52710 (November 1, 2005), 70 FR 67503.

Securities. Only newly traded FCO Securities would be treated as EIO Securities and only for a temporary period while the Phlx's upgraded FCO platform is being developed. The purpose of the proposed OPRA Plan amendment is to codify in the language of the OPRA Plan the above-described temporary treatment of the Phlx's newly traded FCO Securities.

After careful review, the Commission finds that the proposed OPRA Plan amendment is consistent with the requirements of the Act and the rules and regulations thereunder.⁵ The Commission finds that the proposed OPRA Plan amendment is consistent with Section 11A of the Act⁶ and Rule 608 thereunder⁷ in that it is appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system. Specifically, the Commission finds that it is appropriate to clarify in the language of the OPRA Plan the temporary treatment of the Phlx's newly traded FCO Securities as EIO Securities and believes that the proposed language is a reasonable accommodation by OPRA during the time the Phlx is upgrading its FCO platform.

⁵ In approving this proposed OPRA Plan Amendment, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁶ 15 U.S.C. 78k-1.

⁷ 17 CFR 242.608.

IT IS THEREFORE ORDERED, pursuant to Section 11A of the Act,⁸ and Rule 608 thereunder,⁹ that the proposed OPRA Plan amendment (SR-OPRA-2005-03) be, and it hereby is, approved on a temporary basis, until December 31, 2007.

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

Jonathan G. Katz
Secretary

⁸ 15 U.S.C. 78k-1.

⁹ 17 CFR 242.608.

¹⁰ 17 CFR 200.30-3(a)(29).