

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 NASD.

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-NASD-2003-141 and should be submitted on or before December 19, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>47</sup>

Nancy M. Morris,  
Secretary.

[FR Doc. E6-20068 Filed 11-27-06; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54800; File No. SR-NYSE-2006-69]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of a Proposed Rule Change and Amendment No. 1 Thereto To List and Trade Exchange-Traded Notes of Barclays Bank PLC Linked to the Performance of the MSCI India Equities Index

November 21, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 24, 2006 the New York Stock Exchange LLC ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule changes as described in Items I, II and III below, which Items have been prepared by the Exchange. On November 8, 2006, the Exchange submitted Amendment No. 1.<sup>3</sup> 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 Exchange proposes to list and trade exchange-traded notes ("Notes") of Barclays Bank PLC ("Barclays") linked to the performance of the MSCI India Total Return Index<sup>SM</sup> ("Index").

#### 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 in Item IV below. The NYSE 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

##### The Notes

Under Section 703.19 of the Listed Company Manual ("Manual"), the Exchange may approve for listing and trading securities not otherwise covered by the criteria of Sections 1 and 7 of the Manual, provided the issue is suited for auction market trading. The Exchange proposes to list and trade, under Section 703.19 of the Manual, the Notes, which are linked to the performance of the Index. Barclays intends to issue the Notes under the name "iPath<sup>SM</sup> Exchange-Traded Notes."

The Exchange believes that the Notes will conform to the initial listing standards for equity securities under Section 703.19, as Barclays is an affiliate of Barclays PLC,<sup>4</sup> which is an Exchange-listed company in good standing, the Notes will have a minimum life of one

year, the minimum public market value of the Notes at the time of issuance will exceed \$4 million, there will be at least one million Notes outstanding, and there will be at least 400 holders at the time of issuance. The Notes are a series of debt securities of Barclays that provide for a cash payment at maturity or upon earlier redemption at the holder's option, based on the performance of the Index subject to the adjustments described below. The original issue price of each Note will be \$50. The Notes will trade on the Exchange's equity trading floor, and the Exchange's existing equity trading rules will apply to trading in the Notes. The Notes will not have a minimum principal amount that will be repaid and, accordingly, payment on the Notes prior to or at maturity may be less than the original issue price of the Notes. In fact, the value of the Index must increase for the investor to receive at least the \$50 principal amount per Note at maturity or upon redemption. If the value of the Index decreases or does not increase sufficiently to offset the investor fee (described below), the investor will receive less, and possibly significantly less, than the \$50 principal amount per Note. In addition, holders of the Notes will not receive any interest payments from the Notes. The Notes will have a term of 30 years. The Notes are not callable.

Holders who have not previously redeemed their Notes will receive a cash payment at maturity equal to the initial issue price of their Notes times the index factor on the Final Valuation Date (as defined below) minus the investor fee on the Final Valuation Date. The "index factor" on any given day will be equal to the closing value of the Index on that day divided by the initial index level. The "initial index level" is the closing value of the Index on the date of issuance of the Notes, and the "final index level" is the closing value of the Index on the Final Valuation Date. The investor fee will be equal to 0.89% per year times the principal amount of Holders' Notes times the index factor, calculated on a daily basis in the following manner: The investor fee on the date of issuance will equal zero. On each subsequent calendar day until maturity or early redemption, the investor fee will increase by an amount equal to 0.89% times the principal amount of holders' Notes times the index factor on that day (or, if such day is not a trading day, the index factor on the immediately preceding trading day) divided by 365.

Prior to maturity, holders may, subject to certain restrictions, redeem their Notes on any Redemption Date (defined

<sup>47</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Amendment No. 1 replaced and superseded the Exchange's original submission in its entirety.

<sup>4</sup> The issuer of the Notes, Barclays, is an affiliate of an Exchange-listed company (Barclays PLC) and not an Exchange-listed company itself. However, Barclays, though an affiliate of Barclays PLC, would exceed the Exchange's earnings and minimum tangible net worth requirements in Section 102 of the Manual. Additionally, Barclays has informed the Exchange that the original issue price of the Notes, when combined with the original issue price of all other iPath securities offerings of the issuer that are listed on a national securities exchange (or association), does not exceed 25% of the issuer's net worth.

below) during the term of the Notes, provided that they present at least 50,000 Notes for redemption. The Exchange states that holders may also act through a broker-dealer or other financial intermediary exempt from being (or otherwise not required to be) registered as a broker-dealer<sup>5</sup> that is willing to bundle their Notes for redemption with other investors' securities. Barclays may from time to time in its sole discretion reduce, in part or in whole, the minimum redemption amount of 50,000 Notes. The Exchange states that any such reduction will be applied on a consistent basis for all holders of Notes at the time the reduction becomes effective. If a holder chooses to redeem such holder's Notes, the holder will receive a cash payment on the applicable Redemption Date equal to the Weekly Redemption Value, which is the initial issue price of such holder's Notes times the index factor on the applicable Valuation Date minus the investor fee on the applicable Valuation Date, less the redemption charge. The "redemption charge" is a one-time charge imposed upon early redemption and is equal to 0.00125 times the Weekly Redemption Value. The investor fee and the redemption charge are the only fees holders will be charged in connection with their ownership of the Notes. A "Redemption Date" is the third business day following a Valuation Date (other than the Final Valuation Date (defined below)). A "Valuation Date" is each Thursday from the first Thursday after issuance of the Notes until the last Thursday before maturity of the Notes (the "Final Valuation Date") inclusive (or, if such date is not a trading day,<sup>6</sup> the next succeeding trading day), unless the calculation agent determines that a market disruption event, as described below, occurs or is continuing on that day.<sup>7</sup> In that event, the Valuation Date for the maturity date or corresponding Redemption Date, as the case may be, will be the first following trading day on which the calculation agent determines that a market disruption event does not occur and is not continuing. In no event, however, will a Valuation Date be

postponed by more than five trading days.

The Exchange states that any of the following will be a market disruption event: (i) A suspension, absence, or material limitation of trading in a material number of Index Components, as determined by the calculation agent in its sole discretion, (ii) a suspension, absence, or material limitation of trading in option or futures contracts relating to the Index or a material number of Index Components in the primary market for those contracts for more than two hours of trading or during the one-half hour before the close of trading in the relevant market, as determined by the calculation agent in its sole discretion, (iii) the Index is not published, or (iv) any other event, if the calculation agent determines in its sole discretion that such event materially interferes with the ability of Barclays or any of its affiliates to unwind all or a material portion of certain hedges with respect to the Notes that Barclays or any of its affiliates have effected or may effect.

If a Valuation Date is postponed by five trading days, that fifth day will nevertheless be the date on which the value of the Index will be determined by the calculation agent. In such an event, the calculation agent will make a good faith estimate in its sole discretion of the value of the Index.

To redeem their Notes, a holder must instruct his broker or other person through whom he holds his Notes to take the following steps: (i) Deliver a notice of redemption to Barclays via e-mail by no later than 11 a.m. Eastern Time ("ET") on the business day prior to the applicable Valuation Date; if Barclays receives such notice by the time specified, it will respond by sending the holder a form of confirmation of redemption, (ii) deliver the signed confirmation of redemption to Barclays via facsimile in the specified form by 4 p.m. ET on the same day; Barclays or its affiliate must acknowledge receipt in order for the confirmation to be effective, (iii) instruct the holder's Depository Trust Company ("DTC") custodian to book a delivery vs. payment trade with respect to the holder's Notes on the Valuation Date at a price equal to the applicable Weekly Redemption Value, facing Barclays Capital DTC 5101, and (iv) cause the holder's DTC custodian to deliver the trade as booked for settlement via DTC at or prior to 10 a.m. ET on the applicable Redemption Date (the third business day following the Valuation Date).

If holders elect to redeem their Notes, Barclays may request that Barclays

Capital Inc. (a broker-dealer) purchase the Notes for the cash amount that would otherwise have been payable by Barclays upon redemption. In this case, Barclays will remain obligated to redeem the Notes if Barclays Capital Inc. fails to purchase the Notes. Any Notes purchased by Barclays Capital Inc. may remain outstanding.

If an event of default occurs and the maturity of the Notes is accelerated, Barclays will pay the default amount in respect of the principal of the Notes at maturity. The default amount for the Notes on any day will be an amount, determined by the calculation agent in its sole discretion, equal to the cost of having a qualified financial institution, of the kind and selected as described below, expressly assume all Barclays' payment and other obligations with respect to the Notes as of that day and as if no default or acceleration had occurred, or to undertake other obligations providing substantially equivalent economic value to the holders of the Notes with respect to the Notes. That cost would equal: (i) The lowest amount that a qualified financial institution would charge to effect this assumption or undertaking, plus (ii) the reasonable expenses, including reasonable attorney's fees, incurred by the holders of the Notes in preparing any documentation necessary for this assumption or undertaking.<sup>8</sup>

During the default quotation period for the Notes (described below), the holders of the Notes and/or Barclays may request a qualified financial institution to provide a quotation of the amount it would charge to effect this assumption or undertaking. If either party obtains a quotation, it must notify the other party in writing of the quotation. The amount referred to in item (i) above will equal the lowest, or, if there is only one, the only, quotation obtained, and as to which notice is so given, during the default quotation period. With respect to any quotation, however, the party not obtaining the quotation may object on reasonable and significant grounds, to the assumption or undertaking by the qualified financial institution providing the quotation and notify the other party in writing of those grounds within two business days after the last day of the default quotation period, in which case that quotation will be disregarded in determining the default amount. The default quotation period is the period beginning on the day the default amount first becomes

<sup>5</sup> Telephone conference between John Carey, Assistant General Counsel, NYSE, and Florence Harmon, Senior Special Counsel, Commission, Division of Market Regulation ("Division"), on November 20, 2006 ("Telephone Conference").

<sup>6</sup> A trading day is a day on which (i) the value of the Index is published by MSCI, (ii) trading is generally conducted on the NYSE, and (iii) trading is generally conducted on the National Stock Exchange of India (the "NSE"), as determined by the calculation agent in its sole discretion.

<sup>7</sup> Barclays will serve as the initial calculation agent.

<sup>8</sup> The Exchange states that additional information about the default provisions of the Notes is provided in Barclays' Registration Statement on Form F-3 (333-126811), as amended by Amendment No. 1 on September 14, 2005.

due and ending on the third business day after that day, unless: (i) No quotation of the kind referred to above is obtained, or (ii) every quotation of that kind obtained is objected to within five business days after the due date as described above. If either of these two events occurs, the default quotation period will continue until the third business day after the first business day on which prompt notice of a quotation is given as described above. If that quotation is objected to as described above within five business days after that first business day, however, the default quotation period will continue as described in the prior sentence and this sentence. In any event, if the default quotation period and the subsequent two business day objection period have not ended before the Final Valuation Date, then the default amount will equal the principal amount of the Notes.

### Indicative Value

An intraday "indicative value" meant to approximate the intrinsic economic value of the Notes, updated to reflect changes in currency exchange rates, will be calculated and published by a third-party service provider via the facilities of the Consolidated Tape Association at least every fifteen seconds throughout the NYSE trading day on each day on which the Notes are traded on the Exchange.<sup>9</sup> Additionally, Barclays or an affiliate will calculate<sup>10</sup> and publish the closing indicative value of the Notes on each trading day at <http://www.ipathetn.com>. The last sale price of the Notes will also be disseminated over the Consolidated Tape, subject to a 20-minute delay. In connection with the Notes, Barclays uses the term "indicative value" to refer to the value at a given time determined based on the following equation:

$$\text{Indicative Value} = \text{Principal Amount per Security} \times (\text{Current Index Level} / \text{Initial Index Level}) - \text{Current Investor Fee}$$

<sup>9</sup> The Exchange states that the indicative value calculation will be provided for reference purposes only. It is not intended as a price for quotation, or as an offer or solicitation for the purchase, sale or redemption or termination of Notes, nor will it reflect hedging or transaction costs, credit considerations, market liquidity or bid-offer spreads. Published Index levels from MSCI may occasionally be subject to delay or postponement. Any such delays or postponements will affect the current Index level and therefore the indicative value of the Notes. Index levels provided by MSCI will not necessarily reflect the depth and liquidity of the Indian equities market. For this reason and others, the Exchange states that the actual trading price of the Notes may be different from their indicative value.

<sup>10</sup> Telephone Conference (noting that Barclays will calculate and publish closing indicative value of the Notes).

### Where:

Principal Amount per Security = \$50,  
Current Index Level = The most recent level of the Index published by MSCI,  
Initial Index Level = The level of the Index on the Date of Issuance and  
Current Investor Fee = The most recent daily calculation of the holder's investor fee with respect to the holder's securities, determined as described above (which, during any trading day, will be the investor fee determined on the preceding calendar day).

The Indicative Value will not reflect changes in the prices of securities included in the Index resulting from trading on other markets after the close of trading on the NSE, but will be updated to reflect changes in the exchange rate between the U.S. dollar and the Indian rupee.

### Description of the Index

The Index is a free float-adjusted market capitalization index that is designed to measure the market performance, including price performance and income from dividend payments, of Indian equity securities. The Index is currently comprised of the top 68 companies by market capitalization (the "Index Components") listed on the NSE. The number of securities included in the Index will vary over time as, in all of its country indexes, MSCI targets an 85% free float-adjusted market representation level within each industry group. The Index is calculated by Morgan Stanley Capital International Inc. ("MSCI") and is denominated in U.S. dollars.<sup>11</sup>

Securities eligible for inclusion in the Index include equity securities issued by companies incorporated in India. The shares of those companies are mainly traded on the NSE. However, in cases where such prices are not available due to the delisting from the NSE, official closing prices from the Bombay Stock Exchange (the "BSE") may be used. The NSE was established at the behest of the Government of India in November 1992, and the capital markets segment commenced operations in November 1994. As of the end of October 2006, there were approximately 1016 companies listed on the NSE.

<sup>11</sup> As the Commission has previously stated, when a broker-dealer, or a broker-dealer's affiliate such as MSCI, is involved in the development and maintenance of a stock index upon which a product such as iShares is based, the broker-dealer or its affiliate should have procedures designed specifically to address the improper sharing of information. See Securities Exchange Act Release No. 52178 (July 29, 2005), 70 FR 46244 (August 8, 2005) (SR—NYSE—2005–41). The Exchange notes that MSCI has implemented procedures to prevent the misuse of material, non-public information regarding changes to component stocks in the MSCI Indexes. Telephone Conference.

Trades executed on the NSE are cleared and settled by a clearing corporation, the National Securities Clearing Corporation Limited, which acts as a counterparty and guarantees settlement.

The Exchange states that the weighting of a company in the Index is intended to be a reflection of the current importance of that company in the market as a whole. Stocks are selected and weighted according to the same consistent methodology that is applied to all MSCI Indexes, as described below. The reason for a company being heavily weighted reflects the fact that it has a relatively larger market capitalization than other, smaller Index Components. The Exchange states that the Index Components are frequently reviewed to ensure that the Index continues to reflect the state and structure of the underlying market it measures. The composition of the Index is reviewed quarterly every January, April, July, and October.

The NSE opens at 9:55 a.m. Mumbai time (12:25 a.m. ET, 5:25 a.m. London time) and closes at 3:30 p.m. Mumbai time (6 a.m. ET, 11 a.m. London time). All of the securities included in the Index generally trade during these hours. The Index is calculated and is updated continuously until the market closes and is published as end of day values in U.S. dollars using the exchange rate published by WM Reuters at 4 p.m. on the previous day. The Index is reported by Bloomberg, L.P. under the ticker symbol "NDEUSIA." The Index is static during the Exchange trading day.

### The MSCI Indexes

The Exchange states that the MSCI Indexes, of which the Index is one, were founded in 1969 by Capital International S.A. as the first international performance benchmarks constructed to facilitate accurate comparison of world markets. Morgan Stanley acquired rights to the Indexes in 1986. In November 1998, Morgan Stanley transferred all rights to the MSCI Indexes to MSCI, a Delaware corporation of which Morgan Stanley is the majority owner, and The Capital Group of Companies, Inc. is the minority shareholder. The Exchange states that the MSCI single country standard equity indexes have covered the world's developed markets since 1969, and in 1988, MSCI commenced coverage of the emerging markets. The Index was launched on December 31, 1992.

Local stock exchanges traditionally calculated their own indexes that were generally not comparable with one another due to differences in the representation of the local market,

mathematical formulas, base dates and methods of adjusting for capital changes. MSCI, however, applies the same criteria and calculation methodology across all markets for all single country standard equity indexes, developed and emerging.

MSCI's single country standard equity indexes generally seek to have 85% of the free float-adjusted market capitalization of each industry group in each country. The MSCI single country standard equity indexes seek to balance the inclusiveness of an "all share" index against the replicability of a "blue chip" index.

### MSCI Single Country Standard Equity Indexes

#### Weighting

Effective May 31, 2002 all single-country MSCI equity indexes are free-float-weighted, *i.e.*, companies are included in the indexes at the value of their free public float (free float, multiplied by price). MSCI defines "free float" as total shares excluding shares held by strategic investors such as governments, corporations, controlling shareholders and management, and shares subject to foreign ownership restrictions.

#### Regional Weights

The Exchange states that market capitalization weighting, combined with a consistent target of 85% of free float-adjusted market capitalization, helps ensure that each country's weight in regional and international indexes approximates its weight in the total universe of developing and emerging markets. The Exchange states that maintaining consistent policies among MSCI developed and emerging market indexes is critical to the calculation of certain combined developed and emerging market indexes published by MSCI.

#### Selection Criteria

The Exchange states that, to construct relevant and accurate equity indexes for the global institutional investor, MSCI undertakes an index construction process that involves: (i) Defining the equity universe, (ii) adjusting the total market capitalization of all securities in the universe for free float available to foreign investors, (iii) classifying the universe of securities under the Global Industry Classification Standard (the "GICS"), and (iv) selecting securities for inclusion according to MSCI's index construction rules and guidelines.

#### (i) Defining the Universe

The index construction process starts at the country level, with the

identification of all listed securities for that country. Currently, MSCI creates equity indexes for 50 global country markets. MSCI classifies each company and its securities in only one country. This allows securities to be sorted distinctly by their respective countries. In general, companies and their respective securities are classified as belonging to the country in which they are incorporated. All listed equity securities, or listed securities that exhibit characteristics of equity securities, except investment trusts, mutual funds and equity derivatives, are eligible for inclusion in the universe. Shares of non-domiciled companies generally are not eligible for inclusion in the universe.

#### (ii) Adjusting the Total Market Capitalization of Securities in the Universe for Free Float

After identifying the universe of securities, MSCI calculates the free float-adjusted market capitalization of each security in that universe using publicly available information. The process of free float adjusting market capitalization involves: (i) Defining and estimating the free float available to foreign investors of each security, using MSCI's definition of free float, (ii) assigning a free float-adjustment factor to each security, and (iii) calculating the free float-adjusted market capitalization of each security.

#### (iii) Classifying Securities Under the GICS

In addition to the free float-adjustment of market capitalization, all securities in the universe are assigned to an industry-based hierarchy that describes their business activities. To this end, MSCI has designed, in conjunction with Standard & Poor's, the GICS. This comprehensive classification scheme provides a universal approach to industries worldwide and forms the basis for achieving MSCI's objective of reflecting broad and fair industry representation in its indexes.

#### (iv) Selecting Securities for Index Inclusion

In order to ensure a broad and fair representation in the indexes of the diversity of business activities in the universe, the Exchange states that MSCI follows a "bottom-up" approach to index construction, building indexes up to the industry group level. The bottom-up approach to index construction requires a thorough analysis and understanding of the characteristics of the universe. This analysis drives the individual security selection decisions, which aim to reflect the overall features

of the universe in the country index. MSCI targets an 85% free float-adjusted market representation level within each industry group, within each country. The security selection process within each industry group is based on the careful analysis of: (i) Each company's business activities and the diversification that its securities would bring to the index, (ii) the size (based on free float-adjusted market capitalization) and liquidity of the securities of the company, and (iii) the estimated free float for the company and its individual share classes. MSCI targets for inclusion the most sizable and liquid securities in an industry group. MSCI generally does not consider securities with inadequate liquidity and/or securities that do not have an estimated free float greater than 15%. Exceptions to this general rule are made only in significant cases, where exclusion of a security of a large company would compromise the index's ability to fully and fairly represent the characteristics of the underlying market.

#### Free Float

MSCI defines the free float of a security as the proportion of shares outstanding that are deemed to be available for purchase in the public equity markets by international investors. In practice, limitations on free float available to international investors include: (i) Strategic and other shareholdings not considered part of available free float, and (ii) limits on share ownership for foreigners.

Under MSCI's free-float adjustment methodology, a constituent's inclusion factor is equal to its estimated free float rounded up to the closest 5% for constituents with free float equal to or exceeding 15%. For example, a constituent security with a free float of 23.2% will be included in the index at 25% of its market capitalization. For securities with a free float of less than 15% that are included on an exceptional basis, the estimated free float is adjusted to the nearest 1%.

### Prices and Exchange Rates

#### Prices

The prices used to calculate the MSCI Indexes are the official exchange closing prices or those figures accepted as such. MSCI reserves the right to use an alternative pricing source on any given day.<sup>12</sup>

<sup>12</sup> The Exchange has been informed that MSCI's language regarding alternative pricing sources is meant to address contingencies that may be used to address major exchange outages or other cases of extended data disruption. As a matter of practice,

### Exchange Rates

MSCI uses the foreign exchange rates published by WM Reuters at 4 p.m. London time. MSCI uses WM Reuters rates for all developed and emerging markets. Exchange rates are taken daily at 4 p.m. London time by the WM Company and are sourced whenever possible from multi-contributor quotes on Reuters. Representative rates are selected for each currency based on a number of “snapshots” of the latest contributed quotations taken from the Reuters service at short intervals around 4 p.m. WM Reuters provides closing bid and offer rates. MSCI uses these rates to calculate the mid-point to five decimal places.

MSCI continues to monitor exchange rates independently and may, under exceptional circumstances, elect to use an alternative exchange rate if the WM Reuters rate is believed not to be representative for a given currency on a particular day.

### Changes to the Indexes

The MSCI Indexes are maintained with the objective of reflecting, on a timely basis, the evolution of the underlying equity markets. In maintaining the MSCI Indexes, emphasis is also placed on continuity, replicability, and minimizing turnover in the Indexes. Maintaining the MSCI Indexes involves many aspects, including: (i) Additions to and deletions from the Indexes, (ii) changes in number of shares, and (iii) changes in Foreign Inclusion Factors (“FIFs”) as a result of updated free float estimates.

Potential additions are analyzed not only with respect to their industry group, but also with respect to their industry or sub-industry group, in order to represent a wide range of economic and business activities. All additions are considered in the context of MSCI’s methodology, including the index constituent eligibility rules and guidelines.

In assessing deletions, it is important to emphasize that indexes must represent the full investment cycle, including both bull and bear markets. Out-of-favor industries and their securities may exhibit declining prices, declining market capitalization and/or declining liquidity, yet they are not deleted because they continue to be good representatives of their industry group. As a general policy, changes in

number of shares are coordinated with changes in FIFs to accurately reflect the investability of the underlying securities. In addition, MSCI continuously strives to improve the quality of its free float estimates and the related FIFs. Additional shareholder information may come from better disclosure by companies or more stringent disclosure requirements by a country’s authorities. It may also come from MSCI’s ongoing examination of new information sources for the purpose of further enhancing free float estimates and better understanding shareholder structures. When MSCI identifies useful additional sources of information, it seeks to incorporate them into its free float analysis.

Overall, index maintenance can be described by three broad categories of implementation of changes: (i) Annual full country index reviews, conducted on a fixed annual timetable, that systematically re-assess the various dimensions of the equity universe for all countries, (ii) quarterly index reviews, aimed at promptly reflecting other significant market events, and (iii) ongoing changes related to events such as mergers and acquisitions, which generally are rapidly implemented in the indexes as they occur.

Potential changes in the status of countries (stand-alone, emerging, developed) follow their own separate timetables. These changes are normally implemented in one or more phases at the regular annual full country index review and quarterly index review dates.

The annual full country index review for all the MSCI single country standard equity indexes is carried out once every 12 months and implemented as of the close of the last business day of May. The implementation of changes resulting from a quarterly index review occurs only on three dates throughout the year: as of the close of the last business day of February, August, and November. Any single country indexes may be impacted at the quarterly index review. MSCI Index additions and deletions due to quarterly index rebalancings are announced at least two weeks in advance.

### Continued Listing Criteria

The Exchange prohibits the initial and/or continued listing of any security that is not in compliance with Rule 10A-3 under the Act.<sup>13</sup>

The Exchange will delist the Notes:

- If, following the initial twelve month period from the date of commencement of trading of the Notes,

(a) the Notes have more than 60 days remaining until maturity and there are fewer than 50 beneficial holders of the Notes for 30 or more consecutive trading days, (b) if fewer than 100,000 Notes remain issued and outstanding, or (c) if the market value of all outstanding Notes is less than \$1,000,000.

- If the Index closing value ceases to be calculated or available during the time the Notes trade on the Exchange on at least a 15 second basis through one or more major market data vendors or the sponsor of the Index (it being understood that the closing<sup>14</sup> Index value will be static during the Exchange trading day).

- If, during the time the Notes trade on the Exchange, the Indicative Value ceases to be available on a 15 second delayed basis.

- If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

### Exchange Filing Obligations

The Exchange will file a proposed rule change pursuant to Rule 19b-4 under the Act, seeking approval to continue trading the Securities and unless approved, the Exchange will commence delisting the Securities, if

- A successor or substitute index is used in connection with the Notes. The filing will address, among other things, the listing and trading characteristics of the successor or substitute index and the Exchange’s surveillance procedures applicable thereto.

- At any time the most heavily weighted component stock in the Index exceeds 25% of the weight of the Index or the five most heavily weighted component stocks exceed 60% of the weight of the Index.

- MSCI substantially changes the index methodology.<sup>15</sup>

### Trading Halts

If the Index Value or the Indicative Value is not being disseminated as required, the Exchange may halt trading during the day on which the interruption to the dissemination of the Index Value or the Indicative Value first occurs. If the interruption to the dissemination of the Index Value or the Indicative Value persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption.

<sup>14</sup> Telephone Conference (clarifying that Index closing value must be disseminated).

<sup>15</sup> Telephone Conference.

MSCI does not regularly alternate among stated sources and would make every effort to inform clients in advance of any such changes. The price sources implicit in the exchange code for each security’s identifier (Ticker or RIC) should be considered as a consistent source in that regard.

<sup>13</sup> 17 CFR 240.10A-3.

## Surveillance

The Exchange's surveillance procedures will incorporate and rely upon existing Exchange surveillance procedures governing equities with respect to surveillance of the Notes. The Exchange believes that these procedures are adequate to monitor Exchange trading of the Notes and to detect violations of Exchange rules, thereby deterring manipulation. In this regard, the Exchange currently has the authority under NYSE Rule 476 to request the Exchange specialist in the Notes to provide NYSE Regulation with information that the specialist uses in connection with pricing the Notes on the Exchange, including specialist proprietary or other information regarding securities, options on securities or other derivative instruments. The Exchange believes it also has authority to request any other information from its members—including floor brokers, specialists and "upstairs" firms—to fulfill its regulatory obligations.

The Exchange's current trading surveillances focus on detecting securities trading outside normal patterns. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

## Trading Rules

The Exchange's existing trading rules will apply to trading of the Notes. The Notes will trade between the hours of 9:30 a.m. and 4 p.m. ET and will be subject to the equity margin rules of the Exchange.

## Suitability

Pursuant to Exchange Rule 405, the Exchange will impose a duty of due diligence on its members and member firms to learn the essential facts relating to every customer prior to trading the Notes.<sup>16</sup> With respect to suitability recommendations and risks, the Exchange will require members, member organizations and employees thereof recommending a transaction in the Notes: (i) To determine that such transaction is suitable for the customer, and (ii) to have a reasonable basis for believing that the customer can evaluate the special characteristics of, and is able

to bear the financial risks of, such transaction.

The Notes will be subject to the equity margin rules of the Exchange.<sup>17</sup>

## Information Memorandum

The Exchange will, prior to trading the Notes, distribute an information memorandum to the membership providing guidance with regard to member firm compliance responsibilities (including suitability recommendations) when handling transactions in the Notes. The information memorandum will note to members language in the prospectus used by Barclays in connection with the sale of the Notes regarding prospectus delivery requirements for the Notes. Specifically, in the initial distribution of the Notes,<sup>18</sup> and during any subsequent distribution of the Notes, NYSE member organizations will deliver a prospectus to investors purchasing from such distributors.

The information memorandum will discuss the special characteristics and risks of trading this type of security. Specifically, the information memorandum, among other things, will discuss what the Notes are, how the Notes are redeemed, applicable Exchange rules, dissemination of information regarding the Index value and the Indicative Value, exchange rate, trading information, and applicable suitability rules. The information memorandum will also notify members and member organizations about the procedures for redemptions of Notes and that Notes are not individually redeemable but are redeemable only in aggregations of at least 100,000 Notes.

The information memorandum will also discuss any exemptive or no-action relief under the Act provided by the Commission staff.

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,<sup>19</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>20</sup> in particular, 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, in general, to protect investors and the public interest.

## 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

The Exchange has neither solicited nor received written comments on the proposed rule change.

## 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 Amex 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, as amended, at the end of a 15-day comment period.<sup>21</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, 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2006-69.

### 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-NYSE-2006-69. This file number should be included on the

<sup>16</sup> NYSE Rule 405 requires that every member, member firm or member corporation use due diligence to learn the essential facts relative to every customer and to every order or account accepted.

<sup>17</sup> See NYSE Rule 431.

<sup>18</sup> The Registration Statement reserves the right to make subsequent distributions of these Notes.

<sup>19</sup> 15 U.S.C. 78f(b).

<sup>20</sup> 15 U.S.C. 78f(b)(5).

<sup>21</sup> NYSE has requested accelerated approval of the proposed rule change, as amended, prior to the 30th day after the date of publication of notice of the proposal in the **Federal Register**.

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 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-NYSE-2006-69 and should be submitted on or before December 13, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>22</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. E6-20130 Filed 11-27-06; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54801; File No. SR-NYSE-2006-80]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change and Amendment No. 1 Relating to NYSE Rule 1300 (Gold Shares) and NYSE Rule 51 (Hours of Business)

November 21, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, as amended ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 2, 2006, the New York Stock Exchange LLC ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items

have been prepared by the Exchange. On November 6, 2006, the Exchange filed Amendment No. 1.<sup>3</sup> 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 NYSE proposes to amend NYSE Rule 1300 (Gold Shares) and NYSE Rule 51 (Hours for Business) to allow streetTRACKS® Gold Shares to open for trading at 8:20 a.m. The text of the proposed rule change, as amended, is available on the Exchange's Web site at <http://www.nyse.com>, at NYSE'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 NYSE included statements concerning the purpose of, and basis for, the proposed rule change, as amended, and discussed any comments it received on the proposed rule change, as amended. The text of these statements may be examined at the places specified in Item IV below. The NYSE 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

Since 2004, the Exchange has offered its customers the ability to trade in a gold-based security called streetTRACKS® Gold Shares ("Gold Shares"). Gold Shares represent units of fractional undivided interest in and ownership of the streetTRACKS® Gold Trust (the "Trust"). The Trust holds gold bullion and the investment objective of the Trust is to reflect the performance of the price of gold bullion, less the Trust's expenses.

Interest in commodity-based securities has increased. In order to remain competitive, the Exchange proposes to amend NYSE Rule 1300 and NYSE Rule 51 to reflect that Gold Shares would open for trading at 8:20 a.m. An 8:20 a.m. opening would coincide with the opening of COMEX® trading in gold futures and gold options

and thus permit trading in Gold Shares to start at the same time as other gold-based instruments. This would give customers the opportunity to trade an equity product based on the price of gold from the time that gold futures and options on gold futures begin trading on the COMEX®.

Except for the new opening time, trading in Gold Shares would operate as it does today. The current assigned specialist would continue as the assigned specialist and the stock would continue to trade at its current post and panel. All Exchange systems would be operative beginning at 8:20 a.m. and throughout the trading day including those systems that provide audit trail information. The Exchange surveillances that currently operate during market hours would be in place to coincide with the 8:20 a.m. opening. Further, the Exchange would make sure that either a Floor Governor or two Floor Officials would be available upon the 8:20 a.m. opening. As always, all Exchange Rules would apply upon the open at 8:20 a.m. and throughout the trading day.

Furthermore, the Exchange represents that the updated spot price of gold and the Intraday Indicative Value ("IIV") for Gold Shares would be available at 8:20 a.m. on the Trust's Web site (<http://www.streettracksgoldshares.com>). The IIV is calculated by the Trust's Sponsor, World Trust Gold Services, LLC. The Exchange's Web site (<http://www.nyse.com>) provides a link to the Trust's Web site. The spot price of gold and the IIV on the Trust's Web site are subject to a 5 to 10 second delay.

###### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>4</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>5</sup> 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.

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

The Exchange believes that the proposed rule change will impose no burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

<sup>22</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Form 19b-4 dated November 6, 2006 ("Amendment No. 1"). Amendment No. 1 replaced the original filing in its entirety.

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

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