

least 80% of its total assets in component securities and investments that have economic characteristics that are substantially identical to the economic characteristics of the component securities of its Underlying Index. Applicants expect that each New Fund will have a tracking error relative to the performance of its respective Underlying Index of less than 5 percent.

5. Applicants state that a New Fund will comply with the federal securities laws in accepting a deposit of a portfolio of securities designated by the Adviser to correspond generally to the price and yield of the New Fund's Underlying Index ("Deposit Securities")² and satisfying redemptions with portfolio securities of the New Fund ("Fund Securities"), including that the Deposit Securities and Fund Securities are sold in transactions that would be exempt from registration under the Securities Act.³

6. Applicants state that the New Funds will operate in a manner identical to the operation of the existing series of the Trusts in the Prior Order, except as specifically noted by applicants (and summarized in this notice), and will comply with all of the terms, provisions and conditions of the Prior Order, as amended by the present application. Applicants believe that the requested relief continues to meet the necessary exemptive standards.

Future Relief

7. Applicants also seek to amend the Prior Order to modify the terms under which the Trusts may offer additional series in the future based on other securities indices ("Future Funds"). The Prior Order is currently subject to a condition that does not permit applicants to register the shares of any Future Fund by means of filing a post-effective amendment to a Trust's

registration statement or by any other means, unless applicants have requested and received with respect to such Future Fund, either exemptive relief from the Commission or a no-action letter from the Division of Investment Management of the Commission, or if the Future Fund could be listed on a national securities exchange ("Exchange") without the need for a filing pursuant to rule 19b-4 under the Exchange Act.

8. The order would amend the Prior Order to delete this condition. Any Future Funds will (a) be advised by the Adviser or an entity controlled by or under common control with the Adviser; (b) track Underlying Indices that are created, compiled, sponsored or maintained by an entity that is not an affiliated person, as defined in section 2(a)(3) of the Act, or an affiliated person of an affiliated person, of the Adviser, the Distributor, the Trusts or any Sub-Adviser or promoter of a Future Fund, and (c) comply with the respective terms and conditions of the Prior Order, as amended by the present application.

9. Applicants believe that the modification of the future relief available under the Prior Order would be consistent with sections 6(c) and 17(b) of the Act and that granting the requested relief will facilitate the timely creation of Future Funds and the commencement of secondary market trading of such Future Funds by removing the need to seek additional exemptive relief. Applicants submit that the terms and conditions of the Prior Order have been appropriate for the existing series of the Trusts and would remain appropriate for Future Funds. Applicants also submit that tying exemptive relief under the Act to the ability of a Future Fund to be listed on an Exchange without the need for a rule 19b-4 filing under the Exchange Act is not necessary to meet the standards under sections 6(c) and 17(b) of the Act.

Applicants' Condition

Applicants agree that any amended order granting the requested relief will be subject to the same conditions as those imposed by the Prior Order, except for condition 1 to the Prior Order, which will be deleted.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E7-8598 Filed 5-4-07; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [To be Published].

STATUS: Closed meeting.

PLACE: 100 F Street, NE., Washington, DC.

DATE AND TIME OF PREVIOUSLY ANNOUNCED MEETING: Tuesday, May 8, 2007 at 2 p.m.

CHANGE IN THE MEETING: Time change.

The closed meeting scheduled for Tuesday, May 8, 2007 at 2 p.m. has been changed to Tuesday, May 8, 2007 at 12:30 p.m.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 551-5400.

Dated: May 2, 2007.

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E7-8649 Filed 5-4-07; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release Nos. 33-8794; 34-55682]

Order Making Fiscal Year 2008 Annual Adjustments to the Fee Rates Applicable Under Section 6(b) of the Securities Act of 1933 and Sections 13(e), 14(g), 31(b), and 31(c) of the Securities Exchange Act of 1934

April 30, 2007.

I. Background

The Commission collects fees under various provisions of the securities laws. Section 6(b) of the Securities Act of 1933 ("Securities Act") requires the Commission to collect fees from issuers on the registration of securities.¹ Section 13(e) of the Securities Exchange Act of 1934 ("Exchange Act") requires the Commission to collect fees on specified repurchases of securities.² Section 14(g) of the Exchange Act requires the Commission to collect fees on proxy solicitations and statements in corporate control transactions.³ Finally, Sections 31(b) and (c) of the Exchange Act require national securities exchanges and national securities associations, respectively, to pay fees to the

¹ 15 U.S.C. 77f(b).

² 15 U.S.C. 78m(e).

³ 15 U.S.C. 78n(g).

² Applicants state that a cash-in-lieu amount will replace any "to-be-announced" ("TBA") transaction that is listed as a Deposit Security of any New Fund. A TBA transaction is a method of trading mortgage-backed securities where the buyer and seller agree upon general trade parameters such as agency, settlement date, par amount and price. The actual pools delivered generally are determined two days prior to the settlement date. The amount of substituted cash in the case of TBA transactions will be equivalent to the value of the TBA transaction listed as a Deposit Security.

³ In accepting Deposit Securities and satisfying redemptions with Fund Securities that are restricted securities eligible for resale pursuant to rule 144A under the Securities Act, New Funds will comply with the conditions of rule 144A, including in satisfying redemptions with such rule 144A eligible restricted Fund Securities. The prospectus for a New Fund will also state that an authorized participant that is not a "Qualified Institutional Buyer," as defined in rule 144A under the Securities Act, will not be able to receive, as part of a redemption, restricted securities eligible for resale under rule 144A.

Commission on transactions in specified securities.⁴

The Investor and Capital Markets Fee Relief Act ("Fee Relief Act")⁵ amended Section 6(b) of the Securities Act and Sections 13(e), 14(g), and 31 of the Exchange Act to require the Commission to make annual adjustments to the fee rates applicable under these sections for each of the fiscal years 2003 through 2011, and one final adjustment to fix the fee rates under these sections for fiscal year 2012 and beyond.⁶

II. Fiscal Year 2008 Annual Adjustment to the Fee Rates Applicable Under Section 6(b) of the Securities Act and Sections 13(e) and 14(g) of the Exchange Act

Section 6(b)(5) of the Securities Act requires the Commission to make an annual adjustment to the fee rate applicable under Section 6(b) of the Securities Act in each of the fiscal years 2003 through 2011.⁷ In those same fiscal years, Sections 13(e)(5) and 14(g)(5) of the Exchange Act require the Commission to adjust the fee rates under Sections 13(e) and 14(g) to a rate that is equal to the rate that is applicable under Section 6(b). In other words, the annual adjustment to the fee rate under Section 6(b) of the Securities Act also sets the annual adjustment to the fee rates under Sections 13(e) and 14(g) of the Exchange Act.

Section 6(b)(5) sets forth the method for determining the annual adjustment to the fee rate under Section 6(b) for fiscal year 2008. Specifically, the Commission must adjust the fee rate under Section 6(b) to a "rate that, when applied to the baseline estimate of the aggregate maximum offering prices for [fiscal year 2008], is reasonably likely to produce aggregate fee collections under [Section 6(b)] that are equal to the target offsetting collection amount for [fiscal

year 2008]." That is, the adjusted rate is determined by dividing the "target offsetting collection amount" for fiscal year 2008 by the "baseline estimate of the aggregate maximum offering prices" for fiscal year 2008.

Section 6(b)(11)(A) specifies that the "target offsetting collection amount" for fiscal year 2008 is \$234,000,000.⁸ Section 6(b)(11)(B) defines the "baseline estimate of the aggregate maximum offering price" for fiscal year 2008 as "the baseline estimate of the aggregate maximum offering price at which securities are proposed to be offered pursuant to registration statements filed with the Commission during [fiscal year 2008] as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget * * *."

To make the baseline estimate of the aggregate maximum offering price for fiscal year 2008, the Commission is using the same methodology it developed in consultation with the Congressional Budget Office ("CBO") and Office of Management and Budget ("OMB") to project aggregate offering price for purposes of the fiscal year 2007 annual adjustment. Using this methodology, the Commission determines the "baseline estimate of the aggregate maximum offering price" for fiscal year 2008 to be \$5,959,775,433,491.⁹ Based on this estimate, the Commission calculates the fee rate for fiscal 2008 to be \$39.30 per million. This adjusted fee rate applies to Section 6(b) of the Securities Act, as well as to Sections 13(e) and 14(g) of the Exchange Act.

III. Fiscal Year 2008 Annual Adjustment to the Fee Rates Applicable Under Sections 31(b) and (c) of the Exchange Act

Section 31(b) of the Exchange Act requires each national securities

exchange to pay the Commission a fee at a rate, as adjusted by our order pursuant to Section 31(j)(2),¹⁰ which currently is \$15.30 per million of the aggregate dollar amount of sales of specified securities transacted on the exchange. Similarly, Section 31(c) requires each national securities association to pay the Commission a fee at the same adjusted rate on the aggregate dollar amount of sales of specified securities transacted by or through any member of the association otherwise than on an exchange. Section 31(j)(1) requires the Commission to make annual adjustments to the fee rates applicable under Sections 31(b) and (c) for each of the fiscal years 2003 through 2011.¹¹

Section 31(j)(1) specifies the method for determining the annual adjustment for fiscal year 2008. Specifically, the Commission must adjust the rates under Sections 31(b) and (c) to a "uniform adjusted rate that, when applied to the baseline estimate of the aggregate dollar amount of sales for [fiscal year 2008], is reasonably likely to produce aggregate fee collections under [Section 31] (including assessments collected under [Section 31(d)]) that are equal to the target offsetting collection amount for [fiscal year 2008]."

Section 31(j)(1) specifies that the "target offsetting collection amount" for fiscal year 2008 is \$892,000,000.¹² Section 31(j)(2) defines the "baseline estimate of the aggregate dollar amount of sales" as "the baseline estimate of the aggregate dollar amount of sales of securities * * * to be transacted on each national securities exchange and by or through any member of each national securities association (otherwise than on a national securities

⁴ 15 U.S.C. 78ee(b) and (c). In addition, Section 31(d) of the Exchange Act requires the Commission to collect assessments from national securities exchanges and national securities associations for round turn transactions on security futures. 15 U.S.C. 78ee(d).

⁵ Pub. L. No. 107-123, 115 Stat. 2390 (2002).

⁶ See 15 U.S.C. 77f(b)(5), 77f(b)(6), 78m(e)(5), 78m(e)(6), 78n(g)(5), 78n(g)(6), 78ee(j)(1), and 78ee(j)(3). Section 31(j)(2) of the Exchange Act, 15 U.S.C. 78ee(j)(2), also requires the Commission, in specified circumstances, to make a mid-year adjustment to the fee rates under Sections 31(b) and (c) of the Exchange Act in fiscal years 2002 through 2011.

⁷ The annual adjustments are designed to adjust the fee rate in a given fiscal year so that, when applied to the aggregate maximum offering price at which securities are proposed to be offered for the fiscal year, it is reasonably likely to produce total fee collections under Section 6(b) equal to the "target offsetting collection amount" specified in Section 6(b)(11)(A) for that fiscal year.

⁸ Congress determined the target offsetting collection amounts by applying reduced fee rates to the CBO's January 2001 projections of the aggregate maximum offering prices for fiscal years 2002 through 2011. In any fiscal year through fiscal year 2011, the annual adjustment mechanism will result in additional fee rate reductions if the CBO's January 2001 projection of the aggregate maximum offering prices for the fiscal year proves to be too low, and fee rate increases if the CBO's January 2001 projection of the aggregate maximum offering prices for the fiscal year proves to be too high.

⁹ Appendix A explains how we determined the "baseline estimate of the aggregate maximum offering price" for fiscal year 2008 using our methodology, and then shows the purely arithmetical process of calculating the fiscal year 2008 annual adjustment based on that estimate. The appendix includes the data used by the Commission in making its "baseline estimate of the aggregate maximum offering price" for fiscal year 2008.

¹⁰ Order Making Fiscal Year 2007 Annual Adjustments to the Fee Rates Applicable under Section 6(b) of the Securities Act of 1933 and Sections 13(e), 14(g), 31(b) and 31(c) of the Securities Exchange Act of 1934, Rel. No. 33-8681 (April 28, 2006), 71 FR 26132 (May 3, 2006).

¹¹ The annual adjustments, as well as the mid-year adjustments required in specified circumstances under Section 31(j)(2) in fiscal years 2002 through 2011, are designed to adjust the fee rates in a given fiscal year so that, when applied to the aggregate dollar volume of sales for the fiscal year, they are reasonably likely to produce total fee collections under Section 31 equal to the "target offsetting collection amount" specified in Section 31(j)(1) for that fiscal year.

¹² Congress determined the target offsetting collection amounts by applying reduced fee rates to the CBO's January 2001 projections of dollar volume for fiscal years 2002 through 2011. In any fiscal year through fiscal year 2011, the annual and, in specified circumstances, mid-year adjustment mechanisms will result in additional fee rate reductions if the CBO's January 2001 projection of dollar volume for the fiscal year proves to be too low, and fee rate increases if the CBO's January 2001 projection of dollar volume for the fiscal year proves to be too high.

exchange) during [fiscal year 2008] as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget * * *.”

To make the baseline estimate of the aggregate dollar amount of sales for fiscal year 2008, the Commission is using the same methodology it developed in consultation with the CBO and OMB to project dollar volume for purposes of prior fee adjustments.¹³ Using this methodology, the Commission calculates the baseline estimate of the aggregate dollar amount of sales for fiscal year 2008 to be \$78,732,152,559,457. Based on this estimate, and an estimated collection of \$18,017 in assessments on security futures transactions under Section 31(d) in fiscal year 2008, the uniform adjusted rate for fiscal year 2008 is 11.00 per million.¹⁴

IV. Effective Dates of the Annual Adjustments

Section 6(b)(8)(A) of the Securities Act provides that the fiscal year 2008 annual adjustment to the fee rate applicable under Section 6(b) of the Securities Act shall take effect on the later of October 1, 2007, or five days after the date on which a regular appropriation to the Commission for fiscal year 2008 is enacted.¹⁵ Section 13(e)(8)(A) and 14(g)(8)(A) of the Exchange Act provide for the same effective date for the annual adjustments to the fee rates applicable under Sections 13(e) and 14(g) of the Exchange Act.¹⁶

Section 31(j)(4)(A) of the Exchange Act provides that the fiscal year 2008 annual adjustments to the fee rates applicable under Sections 31(b) and (c) of the Exchange Act shall take effect on the later of October 1, 2007, or 30 days after the date on which a regular appropriation to the Commission for fiscal year 2008 is enacted.

V. Conclusion

Accordingly, pursuant to Section 6(b) of the Securities Act and Sections 13(e), 14(g), and 31 of the Exchange Act,¹⁷

It is hereby ordered that the fee rates applicable under Section 6(b) of the Securities Act and Sections 13(e) and 14(g) of the Exchange Act shall be \$39.30 per million effective on the later

of October 1, 2007, or five days after the date on which a regular appropriation to the Commission for fiscal year 2008 is enacted; and

It is further ordered that the fee rates applicable under Sections 31(b) and (c) of the Exchange Act shall be \$11.00 per million effective on the later of October 1, 2007, or 30 days after the date on which a regular appropriation to the Commission for fiscal year 2008 is enacted.

By the Commission.

Nancy M. Morris,
Secretary.

Appendix A

With the passage of the Investor and Capital Markets Relief Act, Congress has, among other things, established a target amount of monies to be collected from fees charged to issuers based on the value of their registrations. This appendix provides the formula for determining such fees, which the Commission adjusts annually. Congress has mandated that the Commission determine these fees based on the “aggregate maximum offering prices,” which measures the aggregate dollar amount of securities registered with the Commission over the course of the year. In order to maximize the likelihood that the amount of monies targeted by Congress will be collected, the fee rate must be set to reflect projected aggregate maximum offering prices. As a percentage, the fee rate equals the ratio of the target amounts of monies to the projected aggregate maximum offering prices.

For 2008, the Commission has estimated the aggregate maximum offering prices by projecting forward the trend established in the previous decade. More specifically, an ARIMA model was used to forecast the value of the aggregate maximum offering prices for months subsequent to March 2007, the last month for which the Commission has data on the aggregate maximum offering prices.

The following sections describe this process in detail.

A. Baseline Estimate of the Aggregate Maximum Offering Prices for Fiscal Year 2008

First, calculate the aggregate maximum offering prices (AMOP) for each month in the sample (March 1997–March 2007). Next, calculate the percentage change in the AMOP from month to month.

Model the monthly percentage change in AMOP as a first order moving average process. The moving average approach allows one to model the effect that an exceptionally high (or low) observation of AMOP tends to be followed by a more “typical” value of AMOP.

Use the estimated moving average model to forecast the monthly percent change in AMOP. These percent changes can then be applied to obtain forecasts of the total dollar value of registrations. The following is a more formal (mathematical) description of the procedure:

1. Begin with the monthly data for AMOP. The sample spans ten years, from March 1997 to March 2007.

2. Divide each month’s AMOP (column C) by the number of trading days in that month (column B) to obtain the average daily AMOP (AAMOP, column D).

3. For each month t , the natural logarithm of AAMOP is reported in column E.

4. Calculate the change in $\log(\text{AAMOP})$ from the previous month as $\Delta_t = \log(\text{AAMOP}_t) - \log(\text{AAMOP}_{t-1})$. This approximates the percentage change.

5. Estimate the first order moving average model $\Delta_t = \alpha + \beta e_{t-1} + e_t$, where e_t denotes the forecast error for month t . The forecast error is simply the difference between the one-month ahead forecast and the actual realization of Δ_t . The forecast error is expressed as $e_t = \Delta_t - \alpha - \beta_{t-1}$. The model can be estimated using standard commercially available software such as SAS or Eviews. Using least squares, the estimated parameter values are $\alpha = 0.00781$ and $\beta = -0.76766$.

6. For the month of April 2007 forecast $\Delta_t = 4/07 = \alpha + \beta e_{t-3/07}$. For all subsequent months, forecast $\Delta_t = \alpha$.

7. Calculate forecasts of $\log(\text{AAMOP})$. For example, the forecast of $\log(\text{AAMOP})$ for June 2007 is given by $\text{FLAAMOP}_{t=6/07} = \log(\text{AAMOP}_{t=3/07}) + \Delta_{t=4/07} + \Delta_{t=5/07} + \Delta_{t=6/07}$.

8. Under the assumption that e_t is normally distributed, the n -step ahead forecast of AAMOP is given by $\exp(\text{FLAAMOP}_t + \sigma_n^2/2)$, where σ_n denotes the standard error of the n -step ahead forecast.

9. For June 2007, this gives a forecast AAMOP of \$21.2 Billion (Column I), and a forecast AMOP of \$444.9 Billion (Column J).

10. Iterate this process through September 2008 to obtain a baseline estimate of the aggregate maximum offering prices for fiscal year 2008 of \$5,959,775,433,491.

B. Using the Forecasts From A to Calculate the New Fee Rate

1. Using the data from Table A, estimate the aggregate maximum offering prices between 10/1/07 and 9/30/08 to be \$5,959,775,433,491.

2. The rate necessary to collect the target \$234,000,000 in fee revenues set by Congress is then calculated as: $\$234,000,000 \div \$5,959,775,433,491 = 0.00003926$ (or \$39.30 per million.).

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¹³ Appendix B explains how we determined the “baseline estimate of the aggregate dollar amount of sales” for fiscal year 2007 using our methodology, and then shows the purely arithmetical process of calculating the fiscal year 2007 annual adjustment based on that estimate. The appendix also includes

the data used by the Commission in making its “baseline estimate of the aggregate dollar amount of sales” for fiscal year 2007.

¹⁴ The calculation of the adjusted fee rate assumes that the current fee rate of \$15.30 per million will apply through October 31, 2007, due to the

operation of the effective date provision contained in Section 31(j)(4)(A) of the Exchange Act.

¹⁵ 15 U.S.C. 77f(b)(8)(A).

¹⁶ 15 U.S.C. 78m(e)(8)(A) and 78n(g)(8)(A).

¹⁷ 15 U.S.C. 77f(b), 78m(e), 78n(g), and 78ee(j).

Table A. Estimation of baseline of aggregate maximum offering prices.

Fee rate calculation.

| | |
|--|-----------|
| a. Baseline estimate of the aggregate maximum offering prices, 10/1/07 to 9/30/08 (\$Millions) | 5,959,775 |
| b. Implied fee rate (\$234 Million / a) | \$39.30 |

Data

| (A) Month | (B) # of Trading Days in Month | (C) Aggregate Maximum Offering Prices, in \$Millions | (D) Average Daily Aggregate Max. Offering Prices (AAMOP) in \$Millions | (E) log(AAMOP) | (F) Change in AAMOP | (G) Forecast log(AAMOP) | (H) Standard Error | (I) Forecast AAMOP, in \$Millions | (J) Forecast Aggregate Maximum Offering Prices, in \$Millions |
|--------------|--------------------------------------|---|---|-------------------|---------------------------|-------------------------------|-----------------------|---|---|
| Mar-97 | 20 | 140,809 | 7,040 | 22,675 | | | | | |
| Apr-97 | 22 | 182,657 | 8,303 | 22,840 | 0.165 | | | | |
| May-97 | 21 | 163,702 | 7,795 | 22,777 | -0.063 | | | | |
| Jun-97 | 21 | 162,111 | 7,720 | 22,767 | -0.010 | | | | |
| Jul-97 | 22 | 168,007 | 7,637 | 22,756 | -0.011 | | | | |
| Aug-97 | 21 | 153,705 | 7,319 | 22,714 | -0.042 | | | | |
| Sep-97 | 21 | 179,559 | 8,550 | 22,869 | 0.155 | | | | |
| Oct-97 | 23 | 260,719 | 11,336 | 23,151 | 0.282 | | | | |
| Nov-97 | 19 | 219,618 | 11,559 | 23,171 | 0.020 | | | | |
| Dec-97 | 22 | 228,605 | 10,391 | 23,064 | | | | | |
| Jan-98 | 20 | 228,030 | 11,402 | 23,157 | | | | | |
| Feb-98 | 19 | 250,266 | 13,172 | 23,301 | | | | | |
| Mar-98 | 22 | 378,185 | 17,190 | 23,568 | | | | | |
| Apr-98 | 21 | 242,310 | 11,539 | 23,169 | -0.399 | | | | |
| May-98 | 20 | 298,454 | 14,923 | 23,426 | 0.257 | | | | |
| Jun-98 | 22 | 328,994 | 14,954 | 23,428 | 0.002 | | | | |
| Jul-98 | 22 | 272,957 | 12,407 | 23,242 | -0.187 | | | | |
| Aug-98 | 21 | 392,104 | 18,672 | 23,650 | 0.409 | | | | |
| Sep-98 | 21 | 325,144 | 15,483 | 23,463 | -0.187 | | | | |
| Oct-98 | 22 | 139,786 | 6,354 | 22,572 | -0.891 | | | | |
| Nov-98 | 20 | 269,065 | 13,453 | 23,322 | 0.750 | | | | |
| Dec-98 | 22 | 248,596 | 11,300 | 23,148 | -0.174 | | | | |
| Jan-99 | 19 | 253,448 | 13,339 | 23,314 | 0.166 | | | | |
| Feb-99 | 19 | 217,433 | 11,444 | 23,161 | -0.153 | | | | |
| Mar-99 | 23 | 415,145 | 18,050 | 23,616 | 0.456 | | | | |
| Apr-99 | 21 | 431,280 | 20,537 | 23,746 | 0.129 | | | | |
| May-99 | 20 | 229,082 | 11,454 | 23,162 | -0.584 | | | | |

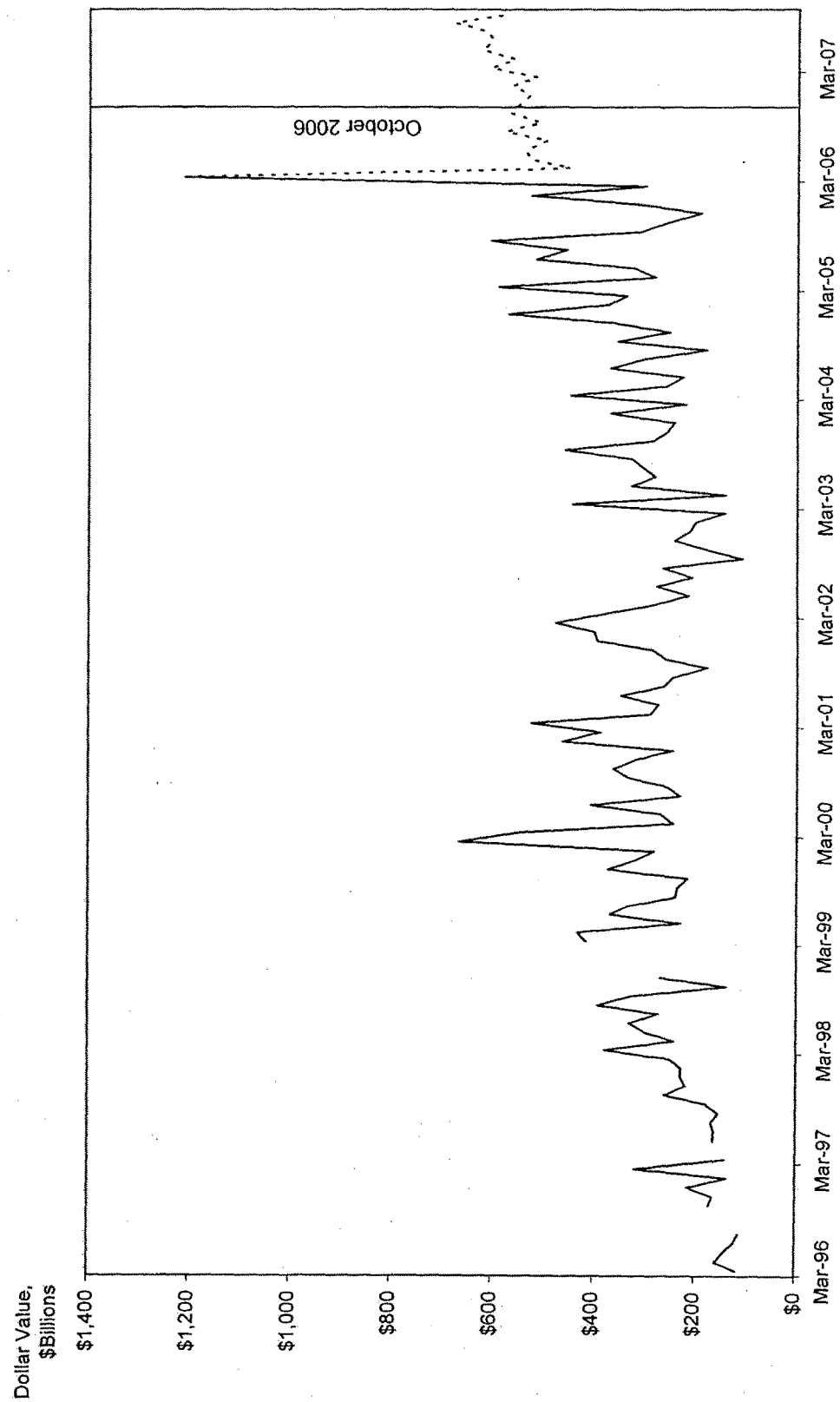
| | | | | | | | | |
|--------|----|---------|--------|--------|--------|--|--|--|
| Jun-99 | 22 | 367,943 | 16,725 | 23,540 | 0.379 | | | |
| Jul-99 | 21 | 332,623 | 15,839 | 23,486 | -0.054 | | | |
| Aug-99 | 22 | 240,157 | 10,916 | 23,114 | -0.372 | | | |
| Sep-99 | 21 | 236,011 | 11,239 | 23,143 | 0.029 | | | |
| Oct-99 | 21 | 216,883 | 10,328 | 23,058 | -0.085 | | | |
| Nov-99 | 21 | 372,582 | 17,742 | 23,599 | 0.541 | | | |
| Dec-99 | 22 | 319,846 | 14,538 | 23,400 | -0.199 | | | |
| Jan-00 | 20 | 282,165 | 14,108 | 23,370 | -0.030 | | | |
| Feb-00 | 20 | 665,367 | 33,268 | 24,228 | 0.858 | | | |
| Mar-00 | 23 | 550,107 | 23,918 | 23,898 | -0.330 | | | |
| Apr-00 | 19 | 244,510 | 12,869 | 23,278 | -0.620 | | | |
| May-00 | 22 | 269,774 | 12,262 | 23,230 | -0.048 | | | |
| Jun-00 | 22 | 406,409 | 18,473 | 23,640 | 0.410 | | | |
| Jul-00 | 20 | 230,894 | 11,545 | 23,169 | -0.470 | | | |
| Aug-00 | 23 | 257,797 | 11,209 | 23,140 | -0.030 | | | |
| Sep-00 | 20 | 332,120 | 16,606 | 23,533 | 0.393 | | | |
| Oct-00 | 22 | 362,493 | 16,477 | 23,525 | -0.008 | | | |
| Nov-00 | 21 | 317,653 | 15,126 | 23,440 | -0.086 | | | |
| Dec-00 | 20 | 246,006 | 12,300 | 23,233 | -0.207 | | | |
| Jan-01 | 21 | 462,726 | 22,035 | 23,816 | 0.583 | | | |
| Feb-01 | 19 | 388,304 | 20,437 | 23,741 | -0.075 | | | |
| Mar-01 | 22 | 523,443 | 23,793 | 23,893 | 0.152 | | | |
| Apr-01 | 20 | 289,212 | 14,461 | 23,395 | -0.498 | | | |
| May-01 | 22 | 274,298 | 12,468 | 23,246 | -0.148 | | | |
| Jun-01 | 21 | 348,268 | 16,584 | 23,532 | 0.285 | | | |
| Jul-01 | 21 | 264,590 | 12,600 | 23,257 | -0.275 | | | |
| Aug-01 | 23 | 245,591 | 10,678 | 23,091 | -0.165 | | | |
| Sep-01 | 15 | 178,524 | 11,902 | 23,200 | 0.108 | | | |
| Oct-01 | 23 | 260,719 | 11,336 | 23,151 | -0.049 | | | |
| Nov-01 | 21 | 286,199 | 13,629 | 23,335 | 0.184 | | | |
| Dec-01 | 20 | 395,230 | 19,762 | 23,707 | 0.372 | | | |
| Jan-02 | 21 | 401,290 | 19,109 | 23,673 | -0.034 | | | |
| Feb-02 | 19 | 476,837 | 25,097 | 23,946 | 0.273 | | | |
| Mar-02 | 20 | 380,160 | 19,008 | 23,668 | -0.278 | | | |

| | | | | | | | | |
|--------|----|---------|--------|--------|--------|--|--|--|
| Apr-02 | 22 | 282,947 | 12,861 | 23,277 | -0.391 | | | |
| May-02 | 22 | 215,645 | 9,802 | 23,006 | -0.272 | | | |
| Jun-02 | 20 | 277,757 | 13,888 | 23,354 | 0.348 | | | |
| Jul-02 | 22 | 208,636 | 9,484 | 22,973 | -0.381 | | | |
| Aug-02 | 22 | 265,750 | 12,080 | 23,215 | 0.242 | | | |
| Sep-02 | 20 | 109,565 | 5,478 | 22,424 | -0.791 | | | |
| Oct-02 | 23 | 179,374 | 7,799 | 22,777 | 0.353 | | | |
| Nov-02 | 20 | 243,590 | 12,179 | 23,223 | 0.446 | | | |
| Dec-02 | 21 | 212,838 | 10,135 | 23,039 | -0.184 | | | |
| Jan-03 | 21 | 201,839 | 9,611 | 22,986 | -0.053 | | | |
| Feb-03 | 19 | 144,642 | 7,613 | 22,753 | -0.233 | | | |
| Mar-03 | 21 | 444,331 | 21,159 | 23,775 | 1.022 | | | |
| Apr-03 | 21 | 142,373 | 6,780 | 22,637 | -1.138 | | | |
| May-03 | 21 | 328,792 | 15,657 | 23,474 | 0.837 | | | |
| Jun-03 | 21 | 281,580 | 13,409 | 23,319 | -0.155 | | | |
| Jul-03 | 22 | 304,383 | 13,836 | 23,351 | 0.031 | | | |
| Aug-03 | 21 | 328,351 | 15,636 | 23,473 | 0.122 | | | |
| Sep-03 | 21 | 459,563 | 21,884 | 23,809 | 0.336 | | | |
| Oct-03 | 23 | 285,039 | 12,393 | 23,240 | -0.569 | | | |
| Nov-03 | 19 | 257,779 | 13,567 | 23,331 | 0.091 | | | |
| Dec-03 | 22 | 244,998 | 11,136 | 23,133 | -0.197 | | | |
| Jan-04 | 20 | 369,784 | 18,489 | 23,640 | 0.507 | | | |
| Feb-04 | 19 | 221,517 | 11,659 | 23,179 | -0.461 | | | |
| Mar-04 | 23 | 448,543 | 19,502 | 23,694 | 0.514 | | | |
| Apr-04 | 21 | 260,029 | 12,382 | 23,240 | -0.454 | | | |
| May-04 | 20 | 227,239 | 11,362 | 23,154 | -0.086 | | | |
| Jun-04 | 21 | 370,668 | 17,651 | 23,594 | 0.441 | | | |
| Jul-04 | 21 | 305,519 | 14,549 | 23,401 | -0.193 | | | |
| Aug-04 | 22 | 179,688 | 8,168 | 22,823 | -0.577 | | | |
| Sep-04 | 21 | 357,007 | 17,000 | 23,556 | 0.733 | | | |
| Oct-04 | 21 | 254,489 | 12,119 | 23,218 | -0.338 | | | |
| Nov-04 | 21 | 363,406 | 17,305 | 23,574 | 0.356 | | | |
| Dec-04 | 22 | 570,918 | 25,951 | 23,979 | 0.405 | | | |
| Jan-05 | 20 | 375,484 | 18,774 | 23,656 | -0.324 | | | |

| | | | | | | | | |
|--------|----|-----------|--------|--------|--------|--------|--|---------|
| Feb-05 | 19 | 338,922 | 17,838 | 23,605 | -0.051 | | | |
| Mar-05 | 22 | 590,862 | 26,857 | 24,014 | 0.409 | | | |
| Apr-05 | 21 | 282,018 | 13,429 | 23,321 | -0.693 | | | |
| May-05 | 21 | 323,652 | 15,412 | 23,458 | 0.138 | | | |
| Jun-05 | 22 | 517,022 | 23,501 | 23,880 | 0.422 | | | |
| Jul-05 | 20 | 457,487 | 22,874 | 23,853 | -0.027 | | | |
| Aug-05 | 23 | 605,534 | 26,328 | 23,994 | 0.141 | | | |
| Sep-05 | 21 | 312,281 | 14,871 | 23,423 | -0.571 | | | |
| Oct-05 | 21 | 258,956 | 12,331 | 23,235 | -0.187 | | | |
| Nov-05 | 21 | 192,736 | 9,178 | 22,940 | -0.295 | | | |
| Dec-05 | 21 | 308,134 | 14,673 | 23,409 | 0.469 | | | |
| Jan-06 | 20 | 526,550 | 26,328 | 23,994 | 0.585 | | | |
| Feb-06 | 19 | 301,446 | 15,866 | 23,487 | -0.506 | | | |
| Mar-06 | 23 | 1,211,344 | 52,867 | 24,687 | 1.200 | | | |
| Apr-06 | 19 | 407,345 | 21,439 | 23,788 | -0.899 | | | |
| May-06 | 22 | 260,121 | 11,824 | 23,193 | -0.595 | | | |
| Jun-06 | 22 | 375,296 | 17,059 | 23,560 | 0.367 | | | |
| Jul-06 | 20 | 232,654 | 11,633 | 23,177 | -0.383 | | | |
| Aug-06 | 23 | 310,050 | 13,480 | 23,325 | 0.147 | | | |
| Sep-06 | 20 | 236,782 | 11,639 | 23,195 | -0.130 | | | |
| Oct-06 | 22 | 213,342 | 9,697 | 22,995 | -0.200 | | | |
| Nov-06 | 21 | 292,456 | 13,926 | 23,357 | 0.362 | | | |
| Dec-06 | 20 | 349,512 | 17,476 | 23,584 | 0.227 | | | |
| Jan-07 | 20 | 372,740 | 18,637 | 23,648 | 0.064 | | | |
| Feb-07 | 19 | 278,753 | 14,671 | 23,409 | -0.239 | | | |
| Mar-07 | 22 | 862,786 | 39,218 | 24,392 | 0.983 | | | |
| Apr-07 | 20 | | | 23,694 | 0.348 | 20,722 | | 414,450 |
| May-07 | 22 | | | 23,702 | 0.357 | 20,954 | | 460,977 |
| Jun-07 | 21 | | | 23,709 | 0.366 | 21,187 | | 444,928 |
| Jul-07 | 21 | | | 23,717 | 0.375 | 21,423 | | 449,890 |
| Aug-07 | 23 | | | 23,725 | 0.384 | 21,662 | | 498,230 |
| Sep-07 | 19 | | | 23,733 | 0.392 | 21,904 | | 416,170 |
| Oct-07 | 23 | | | 23,741 | 0.401 | 22,148 | | 509,401 |
| Nov-07 | 21 | | | 23,749 | 0.409 | 22,395 | | 470,291 |

| | | | | | | | | | | | |
|--------|----|--|--|--|--|--|--|--------|-------|--------|---------|
| Dec-07 | 20 | | | | | | | 23,756 | 0.417 | 22,644 | 452,890 |
| Jan-08 | 21 | | | | | | | 23,764 | 0.424 | 22,897 | 480,836 |
| Feb-08 | 20 | | | | | | | 23,772 | 0.432 | 23,152 | 463,044 |
| Mar-08 | 20 | | | | | | | 23,780 | 0.440 | 23,410 | 468,207 |
| Apr-08 | 22 | | | | | | | 23,788 | 0.447 | 23,671 | 520,769 |
| May-08 | 21 | | | | | | | 23,795 | 0.454 | 23,935 | 502,640 |
| Jun-08 | 21 | | | | | | | 23,803 | 0.461 | 24,202 | 508,244 |
| Jul-08 | 22 | | | | | | | 23,811 | 0.468 | 24,472 | 538,382 |
| Aug-08 | 21 | | | | | | | 23,819 | 0.475 | 24,745 | 519,640 |
| Sep-08 | 21 | | | | | | | 23,827 | 0.482 | 25,021 | 525,433 |

Figure A
Aggregate Maximum Offering Prices Subject to Securities Act Section 6(b)
(Dashed Line Indicates Forecast Values)



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Appendix B

With the passage of the Investor and Capital Markets Relief Act, Congress has, among other things, established a target amount of monies to be collected from fees charged to investors based on the value of their transactions. This appendix provides the formula for determining such fees, which the Commission adjusts annually, and may adjust semi-annually.¹⁸ In order to maximize the likelihood that the amount of monies targeted by Congress will be collected, the fee rate must be set to reflect projected dollar transaction volume on the securities exchanges and certain over-the-counter markets over the course of the year. As a percentage, the fee rate equals the ratio of the target amounts of monies to the projected dollar transaction volume.

For 2008, the Commission has estimated dollar transaction volume by projecting forward the trend established in the previous decade. More specifically, dollar transaction volume was forecasted for months subsequent to March 2007, the last month for which the Commission has data on transaction volume.

The following sections describe this process in detail.

A. Baseline Estimate of the Aggregate Dollar Amount of Sales for Fiscal Year 2008

First, calculate the average daily dollar amount of sales (ADS) for each month in the sample (March 1997–March 2007). The monthly aggregate dollar amount of sales (exchange plus certain over-the-counter markets) is presented in column C of Table B.

Next, calculate the change in the natural logarithm of ADS from month to month. The average monthly percentage growth of ADS over the entire sample is 0.014 and the standard deviation 0.115. Assuming the monthly percentage change in ADS follows a random walk, calculating the expected monthly percentage growth rate for the full sample is straightforward. The expected monthly percentage growth rate of ADS is 2.1%.

Now, use the expected monthly percentage growth rate to forecast total dollar volume. For example, one can use the ADS for March 2007 (\$238,343,650,750) to forecast ADS for April 2007 (\$243,433,544,609 = \$238,343,650,750 × 1.021).¹⁹ Multiply by the number of trading days in April 2007 (20) to obtain a forecast of the total dollar volume for the month (\$4,868,670,892,189). Repeat the method to generate forecasts for subsequent months.

The forecasts for total dollar volume are in column G of Table B. The following is a more formal (mathematical) description of the procedure:

1. Divide each month's total dollar volume (column C) by the number of trading days in that month (column B) to obtain the average daily dollar volume (ADS, column D).

2. For each month t , calculate the change in ADS from the previous month as $\Delta_t = \log(\text{ADS}_t / \text{ADS}_{t-1})$, where $\log(x)$ denotes the natural logarithm of x .

3. Calculate the mean and standard deviation of the series $\{\Delta_1, \Delta_2, \dots, \Delta_{120}\}$. These are given by $\mu = 0.014$ and $\sigma = 0.115$, respectively.

4. Assume that the natural logarithm of ADS follows a random walk, so that Δ_s and Δ_t are statistically independent for any two months s and t .

5. Under the assumption that Δ_t is normally distributed, the expected value of ADS_t /

ADS_{t-1} is given by $\exp(\mu + \sigma^2/2)$, or on average $\text{ADS}_t = 1.021 \times \text{ADS}_{t-1}$.

6. For April 2007, this gives a forecast ADS of $1.021 \times \$238,343,650,750 = \$243,433,544,609$. Multiply this figure by the 20 trading days in April 2007 to obtain a total dollar volume forecast of \$4,868,670,892,189.

7. For May 2007, multiply the April 2007 ADS forecast by 1.021 to obtain a forecast ADS of \$248,632,134,545. Multiply this figure by the 22 trading days in May 2007 to obtain a total dollar volume forecast of \$5,469,906,959,979.

8. Repeat this procedure for subsequent months.

B. Using the Forecasts From A to Calculate the New Fee Rate

1. Use Table B to estimate fees collected for the period 10/1/07 through 10/31/07. The projected aggregate dollar amount of sales for this period is \$6,355,786,096,164. Projected fee collections at the current fee rate of 0.0000153 are \$97,243,527.

2. Estimate the amount of assessments on securities futures products collected during 10/1/07 and 9/30/08 to be \$18,017 by projecting a 2.1% monthly increase from a base of \$1,150 in March 2007.

3. Subtract the amounts \$97,243,527 and \$18,017 from the target offsetting collection amount set by Congress of \$892,000,000 leaving \$794,738,456 to be collected on dollar volume for the period 11/1/07 through 9/30/08.

4. Use Table B to estimate dollar volume for the period 11/1/07 through 9/30/08. The estimate is \$72,376,366,463,293. Finally, compute the fee rate required to produce the additional \$794,738,456 in revenue. This rate is \$794,738,456 divided by \$72,376,366,463,293 or 0.0000109806.

5. Round the result to the seventh decimal point, yielding a rate of .0000110 (or \$11.00 per million).

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¹⁸ Congress requires that the Commission make a mid-year adjustment to the fee rate if four months into the fiscal year it determines that its forecasts of aggregate dollar volume are reasonably likely to be off by 10% or more.

¹⁹ The value 1.021 has been rounded. All computations are done with the unrounded value.

Table B. Estimation of baseline of the aggregate dollar amount of sales.

Fee rate calculation.

| | |
|--|------------|
| a. Baseline estimate of the aggregate dollar amount of sales, 10/1/07 to 10/31/07 (\$Millions) | 6,355,786 |
| b. Baseline estimate of the aggregate dollar amount of sales, 11/1/07 to 9/30/08 (\$Millions) | 72,376,366 |
| c. Estimated collections in assessments on securities futures products in FY 2008 (\$Millions) | 0.018 |
| d. Implied fee rate $((\$892,000,000 - 0.0000153 \cdot a - c) / b)$ | \$11.0 |

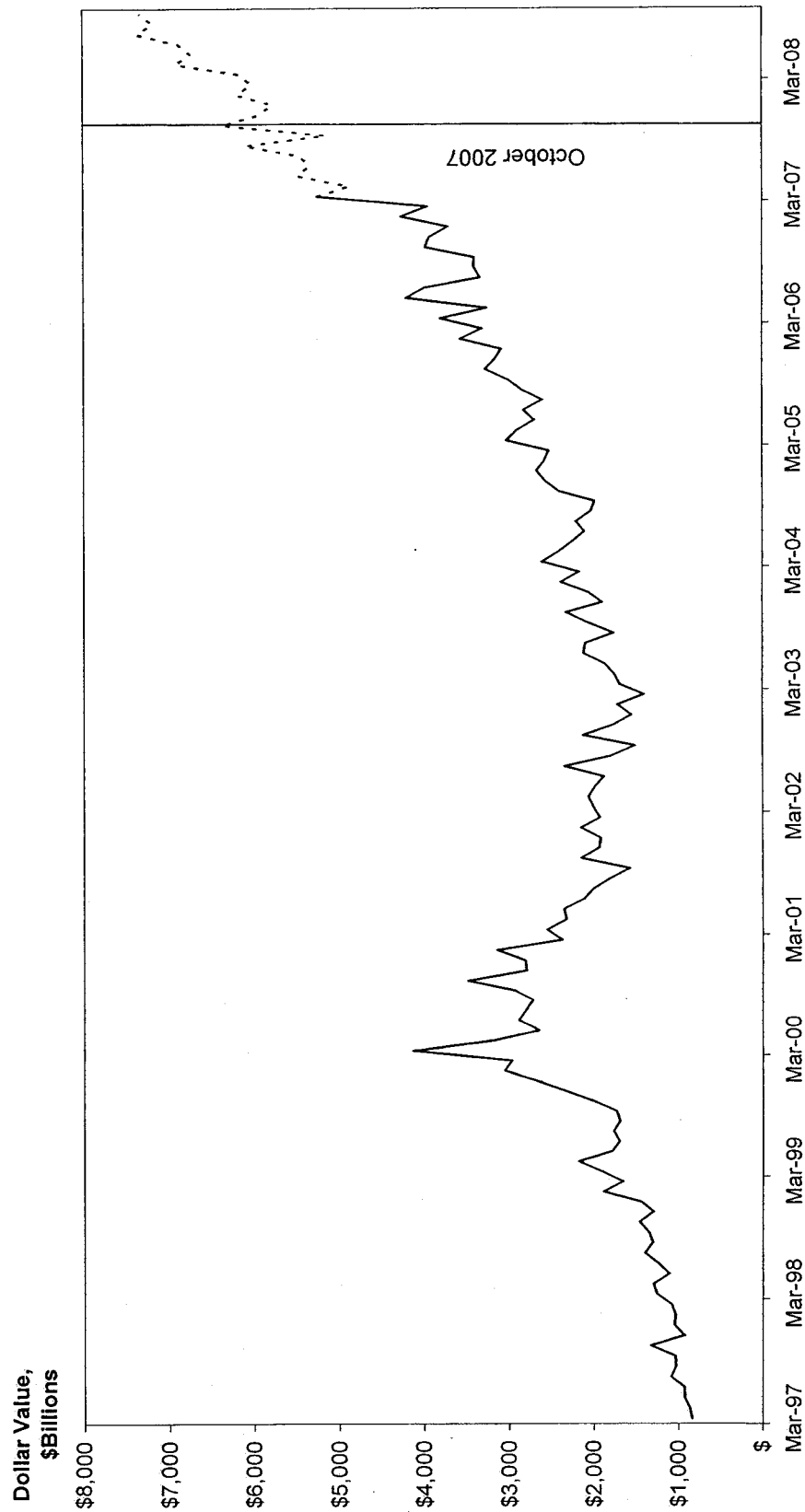
Data

| (A) Month | (B) # of Trading Days in Month | (C) Aggregate Dollar Amount of Sales | (D) Average Daily Dollar Amount of Sales (ADS) | (E) Change in LN of ADS | (F) Forecast ADS | (G) Forecast Aggregate Dollar Amount of Sales |
|--------------|-----------------------------------|---|---|----------------------------|---------------------|--|
| Mar-97 | 20 | 839,192,728,788 | 41,959,636,439 | - | | |
| Apr-97 | 22 | 862,799,213,315 | 39,218,146,060 | -0.068 | | |
| May-97 | 21 | 925,733,852,647 | 44,082,564,412 | 0.117 | | |
| Jun-97 | 21 | 930,409,085,859 | 44,305,194,565 | 0.005 | | |
| Jul-97 | 22 | 1,085,682,706,898 | 49,349,213,950 | 0.108 | | |
| Aug-97 | 21 | 1,031,344,138,751 | 49,111,625,655 | -0.005 | | |
| Sep-97 | 21 | 1,036,460,244,602 | 49,355,249,743 | 0.005 | | |
| Oct-97 | 23 | 1,329,653,432,718 | 57,811,018,814 | 0.158 | | |
| Nov-97 | 19 | 926,017,878,587 | 48,737,783,084 | -0.171 | | |
| Dec-97 | 22 | 1,046,220,806,199 | 47,555,491,191 | -0.025 | | |
| Jan-98 | 20 | 1,037,925,292,902 | 51,896,264,645 | 0.087 | | |
| Feb-98 | 19 | 1,081,705,333,396 | 56,931,859,652 | 0.093 | | |
| Mar-98 | 22 | 1,259,994,685,467 | 57,272,485,703 | 0.006 | | |
| Apr-98 | 21 | 1,298,494,359,253 | 61,833,064,726 | 0.077 | | |
| May-98 | 20 | 1,110,221,658,995 | 55,511,082,950 | -0.108 | | |
| Jun-98 | 22 | 1,243,779,791,913 | 56,535,445,087 | 0.018 | | |
| Jul-98 | 22 | 1,399,011,433,748 | 63,591,428,807 | 0.118 | | |
| Aug-98 | 21 | 1,307,501,463,442 | 62,261,974,450 | -0.021 | | |
| Sep-98 | 21 | 1,352,428,235,083 | 64,401,344,528 | 0.034 | | |
| Oct-98 | 22 | 1,460,835,397,598 | 66,401,608,982 | 0.031 | | |
| Nov-98 | 20 | 1,298,403,768,065 | 64,920,188,403 | -0.023 | | |
| Dec-98 | 22 | 1,442,697,787,306 | 65,577,172,150 | 0.010 | | |
| Jan-99 | 19 | 1,884,555,055,910 | 99,187,108,206 | 0.414 | | |
| Feb-99 | 19 | 1,656,058,202,765 | 87,160,958,040 | -0.129 | | |
| Mar-99 | 23 | 1,908,967,664,074 | 82,998,594,090 | -0.049 | | |
| Apr-99 | 21 | 2,177,601,770,622 | 103,695,322,411 | 0.223 | | |
| May-99 | 20 | 1,784,400,906,987 | 89,220,045,349 | -0.150 | | |
| Jun-99 | 22 | 1,697,339,227,503 | 77,151,783,068 | -0.145 | | |
| Jul-99 | 21 | 1,767,035,098,986 | 84,144,528,523 | 0.087 | | |
| Aug-99 | 22 | 1,692,907,150,726 | 76,950,325,033 | -0.089 | | |
| Sep-99 | 21 | 1,730,505,881,178 | 82,405,041,961 | 0.068 | | |
| Oct-99 | 21 | 2,017,474,765,542 | 96,070,226,931 | 0.153 | | |
| Nov-99 | 21 | 2,348,374,009,334 | 111,827,333,778 | 0.152 | | |
| Dec-99 | 22 | 2,686,788,531,991 | 122,126,751,454 | 0.088 | | |
| Jan-00 | 20 | 3,057,831,397,113 | 152,891,569,856 | 0.225 | | |
| Feb-00 | 20 | 2,973,119,888,063 | 148,655,994,403 | -0.028 | | |
| Mar-00 | 23 | 4,135,152,366,234 | 179,789,233,315 | 0.190 | | |
| Apr-00 | 19 | 3,174,694,525,687 | 167,089,185,562 | -0.073 | | |
| May-00 | 22 | 2,649,273,207,318 | 120,421,509,424 | -0.328 | | |
| Jun-00 | 22 | 2,883,513,997,781 | 131,068,818,081 | 0.085 | | |
| Jul-00 | 20 | 2,804,753,395,361 | 140,237,669,768 | 0.068 | | |
| Aug-00 | 23 | 2,720,788,395,832 | 118,295,147,645 | -0.170 | | |
| Sep-00 | 20 | 2,930,188,809,012 | 146,509,440,451 | 0.214 | | |
| Oct-00 | 22 | 3,485,926,307,727 | 158,451,195,806 | 0.078 | | |
| Nov-00 | 21 | 2,795,778,876,887 | 133,132,327,471 | -0.174 | | |
| Dec-00 | 20 | 2,809,917,349,851 | 140,495,867,493 | 0.054 | | |
| Jan-01 | 21 | 3,143,501,125,244 | 149,690,529,774 | 0.063 | | |
| Feb-01 | 19 | 2,372,420,523,286 | 124,864,238,068 | -0.181 | | |
| Mar-01 | 22 | 2,554,419,085,113 | 116,109,958,414 | -0.073 | | |
| Apr-01 | 20 | 2,324,349,507,745 | 116,217,475,387 | 0.001 | | |
| May-01 | 22 | 2,353,179,388,303 | 106,962,699,468 | -0.083 | | |

| | | | | | | |
|--------|----|-------------------|-----------------|--------|--|--|
| Jun-01 | 21 | 2,111,922,113,236 | 100,567,719,678 | -0.062 | | |
| Jul-01 | 21 | 2,004,384,034,554 | 95,446,858,788 | -0.052 | | |
| Aug-01 | 23 | 1,803,565,337,795 | 78,415,884,252 | -0.197 | | |
| Sep-01 | 15 | 1,573,484,946,383 | 104,898,996,426 | 0.291 | | |
| Oct-01 | 23 | 2,147,238,873,044 | 93,358,211,871 | -0.117 | | |
| Nov-01 | 21 | 1,939,427,217,518 | 92,353,677,025 | -0.011 | | |
| Dec-01 | 20 | 1,921,098,738,113 | 96,054,936,906 | 0.039 | | |
| Jan-02 | 21 | 2,149,243,312,432 | 102,344,919,640 | 0.063 | | |
| Feb-02 | 19 | 1,928,830,595,585 | 101,517,399,768 | -0.008 | | |
| Mar-02 | 20 | 2,002,216,374,514 | 100,110,818,726 | -0.014 | | |
| Apr-02 | 22 | 2,062,101,866,506 | 93,731,903,023 | -0.066 | | |
| May-02 | 22 | 1,985,859,756,557 | 90,266,352,571 | -0.038 | | |
| Jun-02 | 20 | 1,882,185,380,609 | 94,109,269,030 | 0.042 | | |
| Jul-02 | 22 | 2,349,564,490,189 | 106,798,385,918 | 0.126 | | |
| Aug-02 | 22 | 1,793,429,904,079 | 81,519,541,095 | -0.270 | | |
| Sep-02 | 20 | 1,518,944,367,204 | 75,947,218,360 | -0.071 | | |
| Oct-02 | 23 | 2,127,874,947,972 | 92,516,302,086 | 0.197 | | |
| Nov-02 | 20 | 1,780,816,458,122 | 89,040,822,906 | -0.038 | | |
| Dec-02 | 21 | 1,561,092,215,646 | 74,337,724,555 | -0.180 | | |
| Jan-03 | 21 | 1,723,698,830,414 | 82,080,896,686 | 0.099 | | |
| Feb-03 | 19 | 1,411,722,405,357 | 74,301,179,229 | -0.100 | | |
| Mar-03 | 21 | 1,699,581,267,718 | 80,932,441,320 | 0.085 | | |
| Apr-03 | 21 | 1,759,751,025,279 | 83,797,667,870 | 0.035 | | |
| May-03 | 21 | 1,871,390,985,678 | 89,113,856,461 | 0.062 | | |
| Jun-03 | 21 | 2,122,225,077,345 | 101,058,337,016 | 0.126 | | |
| Jul-03 | 22 | 2,100,812,973,956 | 95,491,498,816 | -0.057 | | |
| Aug-03 | 21 | 1,766,527,686,224 | 84,120,366,011 | -0.127 | | |
| Sep-03 | 21 | 2,063,584,421,939 | 98,265,924,854 | 0.155 | | |
| Oct-03 | 23 | 2,331,850,083,022 | 101,384,786,218 | 0.031 | | |
| Nov-03 | 19 | 1,903,726,129,859 | 100,196,112,098 | -0.012 | | |
| Dec-03 | 22 | 2,066,530,151,383 | 93,933,188,699 | -0.065 | | |
| Jan-04 | 20 | 2,390,942,905,678 | 119,547,145,284 | 0.241 | | |
| Feb-04 | 19 | 2,177,765,594,701 | 114,619,241,826 | -0.042 | | |
| Mar-04 | 23 | 2,613,808,754,550 | 113,643,858,893 | -0.009 | | |
| Apr-04 | 21 | 2,418,663,760,191 | 115,174,464,771 | 0.013 | | |
| May-04 | 20 | 2,259,243,404,459 | 112,962,170,223 | -0.019 | | |
| Jun-04 | 21 | 2,112,826,072,876 | 100,610,765,375 | -0.116 | | |
| Jul-04 | 21 | 2,209,808,376,565 | 105,228,970,313 | 0.045 | | |
| Aug-04 | 22 | 2,033,343,354,640 | 92,424,697,938 | -0.130 | | |
| Sep-04 | 21 | 1,993,803,487,749 | 94,943,023,226 | 0.027 | | |
| Oct-04 | 21 | 2,414,599,088,108 | 114,980,908,958 | 0.191 | | |
| Nov-04 | 21 | 2,577,513,374,160 | 122,738,732,103 | 0.065 | | |
| Dec-04 | 22 | 2,673,532,981,863 | 121,524,226,448 | -0.010 | | |
| Jan-05 | 20 | 2,581,839,174,160 | 129,091,958,708 | 0.060 | | |
| Feb-05 | 19 | 2,532,202,396,053 | 133,273,810,319 | 0.032 | | |
| Mar-05 | 22 | 3,030,474,095,010 | 137,748,822,500 | 0.033 | | |
| Apr-05 | 21 | 2,906,386,858,222 | 138,399,374,201 | 0.005 | | |
| May-05 | 21 | 2,697,406,551,792 | 128,447,931,038 | -0.075 | | |
| Jun-05 | 22 | 2,825,792,932,509 | 128,445,133,296 | 0.000 | | |
| Jul-05 | 20 | 2,603,995,025,602 | 130,199,751,280 | 0.014 | | |
| Aug-05 | 23 | 2,846,109,434,770 | 123,743,888,468 | -0.051 | | |
| Sep-05 | 21 | 3,009,608,583,531 | 143,314,694,454 | 0.147 | | |
| Oct-05 | 21 | 3,279,930,784,463 | 156,187,180,213 | 0.086 | | |
| Nov-05 | 21 | 3,163,288,362,669 | 150,632,779,175 | -0.036 | | |
| Dec-05 | 21 | 3,090,218,506,716 | 147,153,262,225 | -0.023 | | |
| Jan-06 | 20 | 3,573,306,111,973 | 178,665,305,599 | 0.194 | | |
| Feb-06 | 19 | 3,313,973,129,190 | 174,419,638,378 | -0.024 | | |

| | | | | | | |
|--------|----|-------------------|-----------------|--------|-----------------|-------------------|
| Mar-06 | 23 | 3,807,374,752,084 | 165,538,032,699 | -0.052 | | |
| Apr-06 | 19 | 3,257,448,631,999 | 171,444,664,842 | 0.035 | | |
| May-06 | 22 | 4,206,452,683,345 | 191,202,394,697 | 0.109 | | |
| Jun-06 | 22 | 3,993,966,132,543 | 181,543,915,116 | -0.052 | | |
| Jul-06 | 20 | 3,339,657,248,277 | 166,982,862,414 | -0.084 | | |
| Aug-06 | 23 | 3,410,343,285,403 | 148,275,795,018 | -0.119 | | |
| Sep-06 | 20 | 3,407,481,301,776 | 170,374,065,089 | 0.139 | | |
| Oct-06 | 22 | 3,980,061,341,623 | 180,911,879,165 | 0.060 | | |
| Nov-06 | 21 | 3,933,440,096,959 | 187,306,671,284 | 0.035 | | |
| Dec-06 | 20 | 3,715,147,836,319 | 185,757,391,816 | -0.008 | | |
| Jan-07 | 20 | 4,264,649,474,786 | 213,232,473,739 | 0.138 | | |
| Feb-07 | 19 | 3,950,170,956,843 | 207,903,734,571 | -0.025 | | |
| Mar-07 | 22 | 5,243,560,316,501 | 238,343,650,750 | 0.137 | | |
| Apr-07 | 20 | | | | 243,433,544,609 | 4,868,670,892,189 |
| May-07 | 22 | | | | 248,632,134,545 | 5,469,906,959,979 |
| Jun-07 | 21 | | | | 253,941,741,790 | 5,332,776,577,584 |
| Jul-07 | 21 | | | | 259,364,737,150 | 5,446,659,480,150 |
| Aug-07 | 23 | | | | 264,903,542,060 | 6,092,781,467,373 |
| Sep-07 | 19 | | | | 270,560,629,663 | 5,140,651,963,603 |
| Oct-07 | 23 | | | | 276,338,525,920 | 6,355,786,096,164 |
| Nov-07 | 21 | | | | 282,239,810,732 | 5,927,036,025,374 |
| Dec-07 | 20 | | | | 288,267,119,095 | 5,765,342,381,910 |
| Jan-08 | 21 | | | | 294,423,142,278 | 6,182,885,987,831 |
| Feb-08 | 20 | | | | 300,710,629,019 | 6,014,212,580,378 |
| Mar-08 | 20 | | | | 307,132,386,759 | 6,142,647,735,187 |
| Apr-08 | 22 | | | | 313,691,282,893 | 6,901,208,223,647 |
| May-08 | 21 | | | | 320,390,246,048 | 6,728,195,167,003 |
| Jun-08 | 21 | | | | 327,232,267,393 | 6,871,877,615,256 |
| Jul-08 | 22 | | | | 334,220,401,976 | 7,352,848,843,471 |
| Aug-08 | 21 | | | | 341,357,770,084 | 7,168,513,171,771 |
| Sep-08 | 21 | | | | 348,647,558,641 | 7,321,598,731,463 |

Figure B.
Aggregate Dollar Amount of Sales Subject to Exchange Act Sections 31(b) and 31(c)¹
Methodology Developed in Consultation With OMB and CBO
(Dashed Line Indicates Forecast Values)



¹Forecasted line is not smooth because the number of trading days varies by month.

[FR Doc. 07-2194 Filed 5-4-07; 8:45 am]

BILLING CODE 8010-01-C

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55683; File No. SR-ISE-2006-77]

Self-Regulatory Organizations; International Securities Exchange, LLC; Order Granting Approval to Proposed Rule Change, as Modified by Amendment No. 1, Relating to Penny Increments for Block Mechanism Orders

April 30, 2007.

I. Introduction

On December 13, 2006, the International Securities Exchange, LLC ("ISE" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² a proposed rule change to allow orders to be entered into the Block Mechanism in penny increments and to receive executions in penny increments. On March 19, 2007, the Exchange filed Amendment No. 1 to the proposed rule change. The proposed rule change was published for comment in the **Federal Register** on March 27, 2007.³ The Commission received no comment letters on the proposal. This order approves the proposed rule change as modified by Amendment No. 1.

II. Description of the Proposal

The Exchange currently offers a Block Mechanism for the execution of single-sided, block-sized orders.⁴ The Block Mechanism exposes orders of at least 50 contracts to all ISE members for three seconds, giving members an opportunity to respond with contra-side trading interest for their own account or on behalf of their customers.⁵ Currently, orders may be entered and executed using the Block Mechanism at the standard 5 and 10 cent increments and at "split prices" (2.5 cents for options trading in 5 cent standard increments and 5 cents for options trading in 10 cent standard increments). The Exchange proposes to amend ISE Rule 716 to allow these orders to be entered

and executed in penny increments. Such orders would no longer be permitted to be executed at split prices.

III. Discussion

After careful review of the proposal, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁶ In particular, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,⁷ which requires, among other things, that the rules of an exchange be designed to prevent fraudulent and manipulative acts, 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. Specifically, the Commission believes that the proposed rule change is consistent with the Act because it will provide greater flexibility in the pricing of block-size orders and enhanced opportunities for block-size orders to receive price improvement.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (SR-ISE-2006-77), as modified by Amendment No. 1, be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E7-8597 Filed 5-4-07; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55678; File No. SR-NASDAQ-2007-044]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Increase the Nasdaq Trading Rights Fee

April 27, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

⁶ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78s(b)(2).

⁹ 17 CFR 200.30-3(a)(12).

("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 25, 2007, The NASDAQ Stock Market LLC ("Nasdaq") 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 substantially by Nasdaq. Nasdaq filed the proposal pursuant to Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2)⁴ thereunder, as establishing or changing a member due, fee, or other charge, which renders the proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Nasdaq proposes to increase the monthly trading rights fee paid by Nasdaq members. Nasdaq will implement this proposed rule change on May 1, 2007. The text of the proposed rule change is available at Nasdaq, <http://www.nasdaq.com>, 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, Nasdaq 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. Nasdaq 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**

Nasdaq is increasing its monthly trading rights fee, which is assessed on all Nasdaq members, from \$200 to \$500 per month. The fee had initially been set at a level to ease the transition of the Nasdaq Market Center's status as a facility of the NASD to a facility of a new self-regulatory organization ("SRO"). Now that Nasdaq has an established membership base, Nasdaq believes that the fee increase is

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 55493 (March 20, 2007), 72 FR 14315.

⁴ See ISE Rule 716(c).

⁵ Supplementary Material .03 to ISE Rule 716 prohibits members from entering Responses for the account of an options market maker from another options exchange. This is the only limitation regarding who may enter Responses.