

is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁶ and Rule 19b-4(f)(2)¹⁷ thereunder. At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-ISE-2007-31 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-ISE-2007-31. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements

with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the ISE. 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-ISE-2007-31 and should be submitted on or before June 27, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55822; File No. SR-NASDAQ-2007-022]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto and Order Granting Accelerated Approval of Proposed Rule Change as Modified by Amendment No. 1 Thereto To Change the Conflicts of Interest Rule

May 29, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 7, 2007, The NASDAQ Stock Market LLC ("Nasdaq") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I and II below, which Items have been substantially prepared by Nasdaq. On April 26, 2007, Nasdaq submitted Amendment No. 1 to the proposed rule change. This order provides notice of the proposed rule change, as modified by Amendment No. 1 and approves the proposed rule

change, as amended, on an accelerated basis.

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

Nasdaq proposes to modify Nasdaq's conflicts of interest rule to eliminate the requirement that related party transactions be approved by a listed company's audit committee or another independent body of the board of directors. The text of the proposed rule change is below. Proposed new language is in *italics*; proposed deletions are in brackets.³

* * * * *

4350. Qualitative Listing Requirements for Nasdaq Issuers Except for Limited Partnerships

(a)-(g) No change.

(h) Conflicts of Interest

Each issuer shall conduct [an] appropriate review *and oversight* of all related party transactions for potential conflict of interest situations on an ongoing basis [and all such transactions must be approved] by the company's audit committee or another independent body of the board of directors. For purposes of this rule, the term "related party transaction" shall refer to transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404. However, in the case of small business issuers (as that term is defined in SEC Rule 12b-2), the term "related party transactions" shall refer to transactions required to be disclosed pursuant to SEC Regulation S-B, Item 404, and in the case of non-U.S. issuers, the term "related party transactions" shall refer to transactions required to be disclosed pursuant to Form 20-F, Item 7.B.

(i)-(n) No change.

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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 III below. Nasdaq has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 19b-4(f)(2).

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Nasdaq's proposed changes are marked to the rule text that appears in Nasdaq's electronic manual found at (<http://www.nasdaq.complinet.com>).

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Nasdaq proposes to modify its rule governing the review and approval of related party transactions by listed companies. Specifically, Nasdaq proposes to eliminate the requirement in Nasdaq Rule 4350(h) that related party transactions be approved by a listed company's audit committee or another independent body of the board of directors. The existing rule requires both an appropriate review of related party transactions on an ongoing basis and approval of those transactions by the company's audit committee or another independent body of the board of directors. In addition, the proposed rule text would clarify that the issuer's audit committee or other independent body of the board must provide appropriate oversight of related party transactions.⁴ For the purposes of the rule, the term "related party transaction" generally is defined as a transaction that is required to be disclosed in Regulation S-K under the Securities Act of 1933.⁵

The growing focus on internal controls over the past few years has led more companies to look closely at related party transactions. Also, Nasdaq notes that within the past year, the Commission has adopted significant revisions to its rules regarding related party transactions.⁶ In addition to adopting a principles-based disclosure requirement, the new rules require disclosure regarding a company's policies and procedures for the review, approval, or ratification of related party transactions. Nasdaq believes that this disclosure requirement would further advance the trend toward obtaining approval of related party transactions as a corporate governance best practice, thereby reducing the need for Nasdaq to

impose an approval requirement in its corporate governance listing standards. Nasdaq also notes that the comparable rules of the New York Stock Exchange, Inc. ("NYSE") and the American Stock Exchange LLC ("Amex") do not include an approval requirement.⁷ Accordingly, the proposed rule change would conform Nasdaq's rule to the NYSE's and Amex's rules, creating more uniformity across market centers with respect to the review and oversight of related party transactions by listed companies and reducing questions of compliance for issuers that move their listing to a different market.

2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁸ in general and with Section 6(b)(5) of the Act,⁹ in particular. Section 6(b)(5) requires, among other things, that Nasdaq's rules be 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 a national market system and, in general, to protect investors and the public interest. The proposed rule change will benefit issuers by providing additional clarity and transparency to Nasdaq's requirements relating to related party transactions and promoting greater uniformity with existing standards of the NYSE and Amex. The additional clarity, transparency and greater uniformity will reduce administrative costs associated with compliance with Nasdaq's rules on conflicts of interest.

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

Nasdaq does not believe that the proposed rule change will result in 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

Written comments were neither solicited nor received.

III. 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. Please include File Number SR-NASDAQ-2007-022 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2007-022. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of Nasdaq. 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-NASDAQ-2007-022 and should be submitted on or before June 27, 2007.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.¹⁰ The Commission notes that

⁴ See Amendment No. 1 to the proposed rule change.

⁵ 17 CFR 229.404. For small business issuers, the relevant definition of "related party transaction" is those transactions required to be disclosed by SEC Regulation S-B, Item 404, 17 CFR 228.404. For non-U.S. issuers, the term "related party transactions" refers to transactions required to be disclosed pursuant to Form 20-F, Item 7.B.

⁶ See Securities Exchange Act Release No. 54302 (August 29, 2006), 71 FR 53158 (September 8, 2006) (File No. S7-03-06) (relating to executive compensation and related person disclosure).

⁷ See Section 307.00 of the NYSE Listed Company Manual; Section 120 of the Amex Company Guide.

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ In approving this rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

the proposed rule change would align Nasdaq's corporate governance listing standards regarding related party transactions with comparable provisions of other exchanges.

The Commission finds good cause pursuant to Section 19(b)(2) of the Act¹¹ to approve the proposed rule change prior to the thirtieth day after publication for comment in the **Federal Register**. As noted above, the proposed rule change would amend Nasdaq's corporate governance listing standards regarding related party transactions by conforming these standards with comparable provisions of other exchanges, and thus the proposed rule change does not present any new regulatory issues. Accelerating approval of the proposed rule change would promote greater uniformity among the exchanges' corporate governance rules for listed issuers.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-NASDAQ-2007-022), as modified by Amendment No. 1, be, and it hereby is, approved on an accelerated basis.¹²

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E7-10791 Filed 6-5-07; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55812; File No. SR-Phlx-2006-61]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Approving Proposed Rule Change and Amendments No. 2 and No. 4 Thereto Relating to Order and Decorum Regulations

May 24, 2007.

I. Introduction

On September 26, 2006, the Philadelphia Stock Exchange, Inc. ("Phlx" 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 amend the Exchange's Option Order and Decorum Regulations. On November 14,

2006, the Exchange filed Amendment No. 1 to the proposed rule change, which was subsequently withdrawn.³ On January 19, 2007, the Exchange filed Amendment No. 2 to the proposed rule change.⁴ The proposed rule change, as amended, was published for comment in the **Federal Register** on March 27, 2007.⁵ The Commission received no comments regarding the proposal. On May 4, 2007, the Exchange filed Amendment No. 3 to the proposed rule change, which was subsequently withdrawn.⁶ On May 14, 2007, the Exchange filed Amendment No. 4 to the proposed rule change.⁷ This order approves the proposed rule change, as amended.

II. Description of Proposal

The Exchange proposes to amend the Exchange's Option Order and Decorum Regulation 2 (Food, Liquids and Beverages); Regulation 4 (Order); Regulation 5 (Visitors and Applicants); and Regulation 6 (Dress), pursuant to Exchange Rule 60. The Exchange's amendments to these Exchange regulations include the following:

(i) An amendment to Exchange Regulation 2 that (1) Allows Exchange members and associated persons to consume foods, liquids and beverages on the Exchange's trading floor, provided that such consumption does not unreasonably interfere with business on the trading floor, (2) adds language concerning vandalism, (3) increases the fines associated with violations of Exchange Regulation 2, (4) adds additional fines for violating trash, litter and vandalism regulations, and (5) changes the title of the Exchange Regulation 2 from "Food, Liquids and Beverages" to "Food, Liquids and Beverages, Trash, Litter and Vandalism;"

(ii) An amendment to Exchange Regulation 4 that adds language clarifying that the use of profanity is a violation of this Regulation;

(iii) An amendment to Exchange Regulation 5 that authorizes an Exchange official or Options Exchange

³ On January 12, 2007, Phlx withdrew Amendment No. 1.

⁴ Amendment No. 2 replaced the original proposed rule change in its entirety.

⁵ See Securities Exchange Act Release No. 55492 (March 20, 2007), 72 FR 14321 ("Notice").

⁶ On May 14, 2007, Phlx withdrew Amendment No. 3.

⁷ In Amendment No. 4, the Exchange deleted proposed rule text from Exchange Regulation 2 regarding the registration of equipment on the Exchange floor. This deletion conformed the proposed rule text with changes the Exchange made to the proposal in Amendment No. 2. This is a technical amendment and is not subject to notice and comment.

Official to permit visitors on the trading floor;

(iv) An Amendment to Exchange Regulation 6 that (1) Clarifies what business attire is deemed acceptable on the trading floor, and (2) increases the amount of fines associated with violations of Exchange Regulation 6; and

(v) Amendments to Exchange Regulations 2, 4, 5 and 6 that add language indicating that Exchange Staff may impose fines for breaches of order, decorum, health, safety and welfare on the members, member organizations, participants, participant organizations and their associated persons.

III. Discussion and Commission Findings

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁸ Specifically, the Commission finds that the proposal is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁰ 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. Specifically, the Commission finds that proposed amendments to the Exchange's order and decorum regulations would assist the Exchange in maintaining an orderly operating environment, which is consistent with the protection of investors and the public interest.

In addition, the Commission finds that the proposal is consistent with Section 6(b)(6) of the Act¹¹ which requires the rules of an exchange provide that its members be appropriately disciplined for violations of the Act as well as the rules and regulations thereunder. Specifically, the Commission finds that the Exchange's proposed disciplinary sanctions and fines for violations of its order and decorum regulations are consistent with normal regulatory safeguards that an exchange should provide under the Act to ensure the order and operation of its trading floor. In particular, these proposed fines appear to provide an

⁸ In approving this proposed rule change the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78f(b)(6).

¹¹ 15 U.S.C. 78s(b)(2).

¹² 15 U.S.C. 78s(b)(2).

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.