

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55899; File No. SR-ISE-2007-30]

### Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Registration of Representatives and Options Principals and Related Fee Changes

June 12, 2007.

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 May 25, 2007, the International Securities Exchange, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been substantially prepared by ISE. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> which renders the proposal effective upon receipt of this filing by 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

The ISE is proposing to amend its rules governing Registration of Options Principals, Registration of Representatives, and Termination of Registered Persons to conform them to similar rules of other exchanges and to amend related fees to be consistent with those of other exchanges. The text of the rule proposal is available on the Exchange’s Web site (<http://www.iseoptions.com>), at the Exchange, 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, ISE 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. ISE 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 ISE rules currently contain a requirement that members who do business with the public qualify and register their options principals and representatives. This requirement is the same as the NASD qualification and registration requirements<sup>5</sup> and is uniform across exchanges. ISE Rules 601 (Registration of Options Principals), 602 (Registration of Representatives), and 603 (Termination of Registered Persons) have remained unchanged since they were adopted in 2000 at the time the ISE was initially approved as a registered national securities exchange. At that time, the language of these rules was the same as that contained in the rules of the Chicago Board Options Exchange (“CBOE”) and the rules of other options exchanges. However, the CBOE and other options exchanges have since amended their rules to specify that registration and termination of registered persons must be accomplished by use of the Form U4 electronically filed with the NASD’s “Web CRD” system.<sup>6</sup>

Accordingly, the ISE seeks to update its rule language in Rules 601, 602, and 603 to make it consistent with the other exchanges and to make it clear that ISE members have the same obligation to indicate ISE registrations and terminations on Form U4 as they do for other exchanges. The amended rules addressing registered representatives will apply to both our options members and our Equity EAMs<sup>7</sup> that do business with the public. In this respect, the Exchange proposes to amend Appendix A to Chapter 21 (“ISE Stock Exchange, LLC Trading Rules”) to include ISE Rules 602 and 603.

The Exchange also proposes to increase the initial registration, annual and transfer fees related to registered options principals and registered representatives, and to adopt a termination fee. All of the proposed fees are equal to those charged by other options exchanges.<sup>8</sup> The Exchange is

<sup>5</sup> See NASD Rules 1021 and 1031 (Registration Requirements).

<sup>6</sup> See, e.g., CBOE Rule 9.2 (Registration of Options Principals) and CBOE Rule 9.3 (Registration and Termination of Representatives).

<sup>7</sup> Defined in Rule 2100(c)(6).

<sup>8</sup> The proposed registration, annual, transfer and termination fees are the same as those charged by

amending the following fees for registered representatives: (1) Increasing the initial registration and transfer fees from \$25 to \$55; (2) increasing the annual fee from \$30 to \$55; and (3) adding the termination fee of \$30. These fees are automatically collected by the NASD and remitted to the ISE.

Finally, the Exchange proposes to make non-substantive changes to reformat the way it has incorporated certain rules by reference in Chapter 21. Specifically, the Exchange proposes to amend Rule 2100 to remove reference to certain specific rules contained in other chapters of the ISE Rules that are applicable to ISE Equity EAMs and add reference to such rules to Appendix A to Chapter 21 and to make clean-up changes to Rule 2100. Currently, some rules applicable to ISE Equity EAMs are listed in Rule 2100, while others are listed in Appendix A. The Exchange believes it will be easier for Equity EAMs to identify which ISE rules apply to them if the applicable rules are consolidated in Appendix A to Chapter 21.

##### 2. Statutory Basis

The basis under the Act for this proposed rule change is found in Section 6(b).<sup>9</sup> Specifically, the Exchange believes the proposed rule change is consistent with the requirements of Section 6(b)(4)<sup>10</sup> of the Act that an exchange have an equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities, and of Section 6(b)(5)<sup>11</sup> of the Act that the rules of an exchange be designed to promote just and equitable principles of trade, serve 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. In particular, the Exchange believes this proposed rule change will remove any confusion in the marketplace regarding the requirement to register options principals and representatives on Form U4 by adopting language that is uniform among the exchanges.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

the CBOE and Philadelphia Stock Exchange. See the Schedule of Fees, available at: <http://www.cboe.com> and <http://www.phlx.com>, respectively.

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(4).

<sup>11</sup> 15 U.S.C. 78f(b)(5).

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

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

The Exchange has not solicited or received any comments on this proposed rule change.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and Rule 19b-4(f)(6) thereunder.<sup>13</sup>

At any time within 60 days of the filing of the 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](mailto:rule-comments@sec.gov). Please include File Number SR-ISE-2007-30 on the subject line.

*Paper Comments*

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

All submissions should refer to File Number SR-ISE-2007-30. 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 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-2007-30 and should be submitted on or before July 10, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E7-11718 Filed 6-18-07; 8:45 am]

**BILLING CODE 8010-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-55896; File No. SR-NYSEArca-2007-50]

**Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto Relating to the Establishment of Primary Sweep Orders**

June 11, 2007.

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 May 25, 2007, NYSE Arca, Inc. ("NYSE Arca" or "Exchange"), through its wholly owned subsidiary, NYSE Arca Equities, Inc. ("NYSE Arca Equities" or

"Corporation") 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 substantially prepared by the Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder, which renders it effective upon filing with the Commission.<sup>4</sup> On June 4, 2007, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>5</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 is proposing to amend its rules in order to add a new order type known as the Primary Sweep Order ("PSO"). The changes described in this rule proposal would add a new Exchange Rule 7.31(kk). The text of the proposed rule change is available at the Exchange, the Commission's Public Reference Room, and <http://www.nyse.com>.

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

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

1. Purpose

In order to provide additional flexibility and increased functionality to its system and its Users,<sup>6</sup> the Exchange proposes to add a new and complimentary variation to an existing order type. The existing order type, the Primary Only Order ("PO Order"), is a market or limit order that is routed to the primary, listing market, without

<sup>1</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>2</sup> 17 CFR 240.19b-4(f)(6).

<sup>3</sup> Amendment No. 1 replaced and superseded the original filing in its entirety.

<sup>4</sup> See NYSE Arca Equities Rule 1.1(yy) for the definition of "User."

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires that a self-regulatory organization submit to the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Commission notes that ISE has satisfied the five-day pre-filing notice requirement.

<sup>14</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.