

Securities are no longer listed or trading on the original listing market.

Surveillance

The Commission notes that any Index-Linked Securities approved for listing and/or trading would be subject to the Exchange's existing surveillance procedures governing equities, options, and exchange-traded funds, as well as procedures the Exchange represents it has developed to closely monitor activity in such securities and the Underlying Indexes and/or portfolios. The Exchange also has represented that its surveillance procedures are adequate to properly monitor the trading of Index-Linked Securities listed pursuant to the proposed generic listing standards and that it will be able to obtain necessary trading and beneficial holder information from the primary trading markets for the underlying components, either pursuant to bilateral information sharing agreements with those markets or because those markets are full or affiliate members of ISG.

Regulatory Information Circular

The Exchange has represented that it will distribute, as appropriate, a Regulatory Information Circular to EAMs describing the product, the specific structure of the product, and the corresponding risks of transacting in Index-Linked Securities. In addition, the Regulatory Information Circular will set forth the Exchange's suitability requirements with respect to recommendations in transactions in Index-Linked Securities to customers and the prospectus delivery requirements.

Firewall Procedures

The Exchange has further represented that if the Underlying Index is maintained by a broker-dealer, such broker-dealer will establish a "firewall" around personnel responsible for the maintenance of such Underlying Index or who have access to information concerning changes and adjustments to the Underlying Index. As an added measure, a third-party who is not a broker-dealer will be required to calculate the value of the Underlying Index. In addition, the Exchange has stated that any advisory committee, supervisory board, or similar entity that advises an Underlying Index licensor or administrator or that makes decisions regarding the Underlying Index or portfolio composition, methodology, and related matters must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material, non-public

information regarding the applicable Underlying Index or portfolio.

Acceleration

The Commission finds good cause for approving the proposed rule change, as modified by Amendment No. 1 thereto, before the 30th day after the date of publication of notice of filing thereof in the **Federal Register**. The Exchange requested accelerated approval of the proposal to facilitate the prompt trading of Index-Linked Securities pursuant to UTP based on the specified criteria of proposed ISE Rules 2100, 2101, and 2130. The Commission notes that the Exchange's proposed generic listing standards for Index-Linked Securities are substantially based on previously approved listing standards for such securities³⁰ and presently is not aware of any regulatory issue that should cause it to revisit that finding or would preclude the trading of such securities on the Exchange. Therefore, accelerating approval of this proposal should benefit investors by creating, without undue delay, additional competition in the market for Index-Linked Securities, subject to the standards and representations discussed herein. Therefore, the Commission finds good cause, consistent with section 19(b)(2) of the Act,³¹ to approve the proposed rule change on an accelerated basis.

V. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,³² that the proposed rule change (SR-ISE-2007-47), as modified by Amendment No. 1 thereto, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³³

Florence E. Harmon,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56108; File No. SR-NASD-2007-045]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Extending the Portfolio Margin Pilot Program

July 19, 2007.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 2, 2007, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by NASD. NASD has designated the proposed rule change as constituting a "non-controversial" rule change pursuant to section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal 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

NASD proposes to extend through July 31, 2008 the portfolio margin pilot program set forth in Rule 2520(g). The portfolio margin pilot program permits members to margin certain products according to a prescribed portfolio margin methodology and is set to expire on July 31, 2007. There is no change to the rule text with this proposed rule change. The text of the proposed rule change is available at NASD, the Commission's Public Reference Room, and <http://www.nasd.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, NASD 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

³⁰ See *supra* note 26.

³¹ 15 U.S.C. 78s(b)(2).

³² *Id.*

³³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4.

places specified in Item IV below. NASD 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

On February 12, 2007, NASD filed SR-NASD-2007-013 for immediate effectiveness to establish a portfolio margin pilot program that permits member firms to elect to margin certain products according to a prescribed portfolio margin methodology.⁵ The portfolio margin pilot program is substantially similar to margin rule amendments by the New York Stock Exchange ("NYSE") and the Chicago Board Options Exchange ("CBOE"), which were approved by the Commission.⁶ Consistent with the amended NYSE and CBOE portfolio margin programs, NASD's pilot, as proposed in SR-NASD-2007-013, started on April 2, 2007 and ends on July 31, 2007.

NASD proposes to extend the operation of the pilot for an additional one-year period to July 31, 2008. NASD believes that extending the pilot for twelve months is warranted in that time is needed to assess the operation and utility of the program, especially in light of the fact that the rules establishing the pilot, effective April 2, 2007, made equities, equity options, narrow-based index options, unlisted derivatives and security futures eligible for portfolio margining. An extension will enable NASD to determine whether the program better aligns margin requirements with the actual risk of hedged products, thereby potentially alleviating excess margin calls and potentially reducing the risk of forced

liquidations of positions in customer accounts. For these reasons, NASD requests that the Commission extend the pilot program until July 31, 2008.

NASD has filed the proposed rule change for immediate effectiveness.⁷

2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of section 15A(b)(6) of the Act,⁸ which requires, among other things, that NASD rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD believes that a one-year extension will enable NASD to evaluate the operation and utility of the portfolio margin pilot program to determine whether the program better aligns the margin requirements with actual risk.

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

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

Because the foregoing 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 prior to 30 days after the date of filing, or such shorter time as the Commission may designate, it has become effective pursuant to section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰

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.

⁷ The operative date of the proposed rule change will be August 1, 2007.

⁸ 15 U.S.C. 78o-3(b)(6).

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

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 Number SR-NASD-2007-045 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-NASD-2007-045. 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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. 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-2007-045 and should be submitted on or before August 17, 2007.

⁵ See Exchange Act Release No. 55471 (March 14, 2007), 72 FR 13149 (March 20, 2007) (Notice of Filing and Immediate Effectiveness of SR-NASD-2007-013).

⁶ See Exchange Act Release No. 54918 (December 12, 2006), 71 FR 75790 (December 18, 2006) (SR-NYSE-2006-13, relating to further amendments to the NYSE's portfolio margin pilot program); Exchange Act Release No. 54125 (July 11, 2006), 71 FR 40766 (July 18, 2006) (SR-NYSE-2005-93, relating to amendments to the NYSE's portfolio margin pilot program); Exchange Act Release No. 52031 (July 14, 2005) 70 FR 42130 (July 21, 2005) (SR-NYSE-2002-19, relating to the NYSE's original portfolio margin pilot). See also Exchange Act Release No. 54919 (December 12, 2006), 71 FR 75781 (December 18, 2006) (SR-CBOE-2006-014, relating to amendments to the CBOE's portfolio margin pilot); Exchange Act Release No. 52032 (July 14, 2005) 70 FR 42118 (July 21, 2005) (SR-CBOE-2002-03, relating to the CBOE's original portfolio margin pilot).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56113; File No. SR-NSX-2007-05]

Self-Regulatory Organizations; National Stock Exchange, Inc.; Order Approving Proposed Rule Change to Modify Chapter VII of the Exchange's Rules Regarding Suspensions of an ETP Holder by Certain Exchange Officers

July 20, 2007.

I. Introduction

On May 9, 2007, the National Stock Exchange, Inc. ("NSX" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change, pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder² to modify Chapter VII of the Exchange's rules to provide that the Chairman of the Exchange's Board of Directors ("Chairman") or the Exchange's Chief Regulatory Officer, or their respective designees, would have the authority to summarily suspend or place limitations or conditions on an ETP Holder or summarily suspend a person from access to Exchange services in certain circumstances. Notice of the proposed rule change was published for comment in the *Federal Register* on June 18, 2007.³ The Commission received no comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposed Rule Change

NSX Rule 7.1 currently authorizes the Chairman of the NSX Board of Directors ("Chairman") or NSX's President ("President") to summarily suspend an ETP Holder, or impose such conditions and restrictions upon an ETP Holder as are reasonably necessary for the protection of investors, the Exchange, the creditors, and the customers of such ETP Holder, if such ETP Holder, among other things, has failed to perform its contracts, is insolvent, or is in such

financial or operational condition or operating its business in such a manner that it cannot be permitted to continue in business with safety to its customers, creditors, and other ETP Holders of the Exchange.⁴ The Chairman or President may also lift such a suspension without further proceedings, if appropriate.⁵ NSX Rule 7.6 currently permits the Chairman or President to, under certain circumstances, summarily limit or prohibit, persons from access to services offered by the Exchange.

NSX proposes to amend Rules 7.1 and 7.6 to authorize the Chairman or NSX's Chief Regulatory Officer ("CRO"), or their respective designees, to impose and lift suspensions as described above. NSX's President would no longer have such authority. The Exchange represents that the designee for the Chairman would be the Chairman of the Exchange's Regulatory Oversight Committee ("ROC"), a member of the ROC, or another independent member of the Exchange's Board of Directors,⁶ in that order of priority. The designee for the CRO would be an officer in the Exchange's Regulatory Services Division. The proposal does not otherwise modify NSX's rules regarding suspension, including its provisions for review of summary actions.

III. Discussion and Commission Findings

The Commission has reviewed the proposed rule change and finds that it is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.⁷ Specifically, the Commission finds that the proposed rule change furthers the objectives of section 6(b)(1)⁸ of the Act, which requires the Exchange to be so organized and have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its members, with the Act and the rules of the Exchange. In addition, the Commission finds that the proposed rule change, as amended, is consistent with section 6(b)(5) of the Act,⁹ which requires, among other things, that the rules of a national

securities exchange be 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.

The Commission believes that the reallocation of authority under NSX Rules 7.1 and 7.6 from the Chairman and President to the Chairman and CRO, or their respective designees, is consistent with the Act. The Commission also believes that the reallocation is designed to provide for continuity in the event that the Chairman or CRO is unavailable. The Commission notes that the Exchange's rules governing the review of suspensions remain unchanged.

IV. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹⁰ that the proposed rule change (File No. SR-NSX-2007-05) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56107; File No. SR-NYSE-2007-56]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Extending the Portfolio Margin Pilot Program Under NYSE Rules 431 (Margin Requirements) and 726 (Delivery of Options Disclosure Document and Prospectus)

July 19, 2007.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the "Exchange Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 28, 2007, the New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission ("SEC" or the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by the Exchange.

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

⁴ See NSX Rule 7.1(a).

⁵ See NSX Rule 7.1(c).

⁶ NSX By-Law Section 1.1(I)(1) defines "Independent Director" as a member of the Board that the Board has determined to have no material relationship with the Exchange or any affiliate of the Exchange, or any ETP Holder or any affiliate of any ETP Holder, other than as a member of the Board.

⁷ In approving this proposed 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).

⁸ 15 U.S.C. 78f(b)(1).

⁹ 15 U.S.C. 78f(b)(5).

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 55893 (June 11, 2007), 72 FR 33551.