

section 19(b)(2) of the Exchange Act,⁸ 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,⁹ that the proposed rule change (SR-NYSEArca-2007-66), as modified by Amendment No. 1, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56131; File No. SR-NYSEArca-2007-57]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change To List and Trade Currency Trust Shares

July 25, 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 June 21, 2007, NYSE Arca, Inc. (the “Exchange”), through its wholly-owned subsidiary, NYSE Arca Equities, Inc. (“NYSE Arca Equities”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change (“Exchange Notice”) as described in Items I and II below, which Items have been substantially prepared by the Exchange. This order provides notice of the proposed rule change and approves the proposed rule change on an accelerated basis.

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

The Exchange proposes to list and trade shares (“Shares”) of the following trusts: (1) CurrencySharesSM Australian Dollar Trust; (2) CurrencySharesSM British Pound Sterling Trust; (3) CurrencySharesSM Canadian Dollar Trust; (4) CurrencySharesSM Euro Trust (formerly, Euro Currency Trust); (5) CurrencySharesSM Japanese Yen Trust; (6) CurrencySharesSM Mexican Peso

Trust; (7) CurrencySharesSM Swedish Krona Trust; and (8) CurrencySharesSM Swiss Franc Trust (individually, a “Trust,” and collectively, the “Trusts”),³ pursuant to NYSE Arca Equities Rule 8.202. 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 Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item III below. 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

The Exchange proposes to list and trade the Shares pursuant to NYSE Arca Equities Rule 8.202, which permits the trading of Currency Trust Shares⁴ either by listing or pursuant to unlisted trading privileges (“UTP”). The Shares are currently listed on the New York Stock Exchange LLC (“NYSE”),⁵ and the

³ The Exchange represents that the Trusts are formed under the laws of the State of New York and are not registered under the Investment Company Act of 1940.

⁴ As defined in NYSE Arca Equities Rule 8.202(c), “Currency Trust Shares” are securities that: (1) Are issued by a trust that holds a specified non-U.S. currency deposited with the trust; (2) when aggregated in some specified minimum number, may be surrendered to such trust by the beneficial owner to receive the specified non-U.S. currency; and (3) pay to the beneficial owners interest and other distributions on the deposited non-U.S. currency, if any, declared and paid by the Trust. See Securities Exchange Act Release No. 53253 (February 8, 2006), 71 FR 8029 (February 15, 2006) (SR-PCX-2005-123) (approving the adoption of generic listing and trading standards for Currency Trust Shares and the trading of shares of the CurrencySharesSM Euro Trust pursuant to UTP).

⁵ See Securities Exchange Act Release Nos. 55268 (February 9, 2007), 72 FR 7793 (February 20, 2007) (SR-NYSE-2007-03) (approving the listing and trading of shares of the CurrencySharesSM Japanese Yen Trust); 54020 (June 20, 2006), 71 FR 36579 (June 27, 2006) (SR-NYSE-2006-35) (approving the listing and trading of shares of the CurrencySharesSM Australian Dollar Trust, CurrencySharesSM British Pound Sterling Trust, CurrencySharesSM Canadian Dollar Trust, CurrencySharesSM Mexican Peso Trust, CurrencySharesSM Swedish Krona Trust, and

Exchange currently trades the Shares pursuant to UTP.⁶ The Shares of the Trusts will transfer their listing from NYSE to the Exchange.⁷

Each Trust holds the applicable foreign currency⁸ and is expected from time to time to issue Baskets⁹ in exchange for deposits of the foreign currency and to distribute the foreign currency in connection with redemptions of Baskets. The Shares, which are issued by their corresponding Trust, represent units of fractional undivided beneficial interest in, and ownership of, such Trust. The investment objective of the Trusts is for the Shares to reflect the price (U.S. dollars) of the applicable foreign currency owned by the specific Trust, *plus* accrued interest, *less* the expenses and liabilities of such Trust. The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of hedging their exposure to a particular foreign currency and otherwise implement investment strategies that involve foreign currencies (*e.g.*, diversify generally against the risk that the U.S. dollar would depreciate).

Rydex Specialized Products LLC is the sponsor of the Trusts (“Sponsor”); The Bank of New York is the trustee of the Trusts (“Trustee”); JPMorgan Chase Bank, N.A., London Branch, is the depository for the Trusts (“Depository”); and Rydex Distributors, Inc. is the distributor for the Trusts (“Distributor”).¹⁰ A detailed discussion

CurrencySharesSM Swiss Franc Trust); and 52843 (November 28, 2005), 70 FR 72486 (December 5, 2005) (SR-NYSE 2005-65) (approving the listing and trading of shares of the CurrencySharesSM Euro Trust) (collectively, the “NYSE Approval Orders”).

⁶ See *supra* note 4; Securities Exchange Act Release Nos. 55320 (February 21, 2007), 72 FR 8828 (February 27, 2007) (SR-NYSEArca-2007-15) (approving the trading of shares of the CurrencySharesSM Japanese Yen Trust pursuant to UTP); and 54043 (June 26, 2006), 71 FR 37967, (July 3, 2006) (SR-NYSEArca-2006-26) (approving the trading of shares of the CurrencySharesSM Australian Dollar Trust, CurrencySharesSM British Pound Sterling Trust, CurrencySharesSM Canadian Dollar Trust, CurrencySharesSM Mexican Peso Trust, CurrencySharesSM Swedish Krona Trust, and CurrencySharesSM Swiss Franc Trust pursuant to UTP).

⁷ E-mail from Timothy J. Malinowski, Director, NYSE Group, Inc., to Edward Cho, Special Counsel, Division of Market Regulation, Commission, dated July 11, 2007 (confirming the listing status of the Shares).

⁸ The Trusts do not hold any derivative products.

⁹ A “Basket” is defined as an aggregation of 50,000 Shares.

¹⁰ The Exchange represents that the Sponsor, Trustee, Distributor, and Depository are not affiliated with the Exchange or one another, with the exception that the Sponsor and Distributor are affiliated. The Exchange further represents that no compensation is paid by the Sponsor to the Distributor in connection with services performed by the Distributor for the Trusts.

⁸ 15 U.S.C. 78s(b)(2).

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

of the foreign exchange industry and markets, foreign currency liquidity and regulation, role and responsibilities of the Sponsor, Trustee, Distributor, and Depository, fees and expenses of the Trusts, distributions, voting and approvals, risk factors, clearance and settlement, and the procedures for creations and redemptions, and other details pertaining to the Shares, can be found in the Exchange Notice, the NYSE Approval Orders, and the Trust Prospectus (as defined below).¹¹

Quotations and last sale price information for the Shares are disseminated over the Consolidated Tape,¹² as is the case for all equity securities traded on the Exchange (including shares of exchange-traded funds). In addition, there is a considerable amount of foreign currency price and market information available on public Web sites and through professional and subscription services. As is the case with equity securities and exchange-traded funds, in most instances, real-time information is only available for a fee, and information available free-of-charge is subject to delay (typically, 15 to 20 minutes).

Currently, the Consolidated Tape does not provide for dissemination of the spot price of a foreign currency over the Consolidated Tape. However, investors may obtain on a 24-hour basis foreign currency pricing information based on the foreign currency spot price of each applicable foreign currency from various financial information service providers. Current spot prices are also generally available with bid/ask spreads from foreign exchange dealers. In

addition, the Trusts' Web site (<http://www.currencyshares.com>) provides ongoing pricing information for the applicable foreign currency spot prices and the Shares.¹³ The Exchange states that complete, real-time data for foreign currency futures and options prices traded on the Chicago Mercantile Exchange ("CME") and the Philadelphia Stock Exchange, Inc. ("Phlx") are also available by subscription from information service providers, and that CME and Phlx also provide delayed futures and options information on current and past trading sessions and market news free of charge on their respective Web sites.

There are a variety of other public Web sites available at no charge that provide information on the foreign currencies underlying the Shares. Such service providers provide spot price or currency conversion information about the foreign currencies. Many of these sites offer price quotations drawn from other published sources, but because the information is supplied free-of-charge, it is generally subject to time delays. In addition, major market data vendors regularly report current currency exchange pricing for a fee for the Japanese yen and other currencies.¹⁴

The Trustee calculates, and the Sponsor publishes, each Trust's net asset value, or "NAV," and NAV per Share each business day. The Sponsor publishes the NAV and NAV per Share for each Trust on each day that the Exchange is open for regular trading on the Trusts' Web site.¹⁵ In addition, the Trusts' Web site provides the following information: (1) The spot price for each applicable foreign currency,¹⁶ including the bid and offer and the midpoint between the bid and offer for the foreign currency spot price, updated every 5 to 10 seconds;¹⁷ (2) an intraday indicative

value ("IIV") per Share, calculated by multiplying the indicative spot price of the applicable foreign currency by the quantity of foreign currency backing each Share, updated at least every 15 seconds;¹⁸ (3) a delayed indicative value (subject to a 20 minute delay), which is used for calculating premium/discount information; (4) premium/discount information, calculated on a 20 minute delayed basis; (5) accrued interest per Share; (6) the daily Federal Reserve Bank of New York Noon Buying Rate;¹⁹ (7) the Basket Amount²⁰ for each applicable foreign currency; and (8) the last sale price of the Shares as traded in the U.S. markets, subject to a 20-minute delay.²¹ On the Trusts' Web site, the foreign currency spot price is available and disseminated at least every 15 seconds, and the IIV per Share will be calculated and disseminated at least every 15 seconds during NYSE Arca Marketplace's Opening, Core Trading, and Late Trading Sessions.²² The Exchange states that it will provide on its own Web site (<http://www.nyse.com>) a link to the Trusts' Web site.

The Exchange states that the Shares are subject to the criteria for initial and continued listing of Currency Trust Shares under NYSE Arca Equities Rule 8.202. A minimum of 100,000 Shares would be required to be outstanding when the Shares begin to trade. This minimum number of Shares required to be outstanding is comparable to requirements that have been applied to

¹⁸ The IIV of the Shares is analogous to the intraday optimized portfolio value (sometimes referred to as "IOPV") and indicative portfolio value associated with the trading of exchange-traded funds. The Exchange further represents that the IIV is equivalent to the Indicative Trust Value, as referenced in NYSE Arca Equities Rule 8.202(e)(2)(v), with respect to Currency Trust Shares. E-mail from Timothy J. Malinowski, Director, NYSE Group, Inc., to Edward Cho, Special Counsel, Division of Market Regulation, Commission, dated July 25, 2007 (confirming that the IIV is equivalent to the Indicative Trust Value).

¹⁹ The Federal Reserve Bank of New York Noon Buying Rate is used for the purpose of determining the NAV of each Trust.

²⁰ A "Basket Amount" is the total deposit amount of the applicable foreign currency required to purchase a Basket of Shares.

²¹ The last sale price of the Shares in the secondary market is available on a real-time basis for a fee from regular data vendors.

²² Pursuant to NYSE Arca Equities Rule 7.34(a), the NYSE Arca Marketplace trading hours for exchange-traded funds are as follows: (1) Opening Session, 4 a.m. to 9:30 a.m. Eastern Time ("ET"); (2) Core Trading Session, 9:30 a.m. to 4:15 p.m. ET; and (3) Late Trading Session, 4:15 p.m. to 8 p.m. ET. E-mail from Timothy J. Malinowski, Director, NYSE Group, Inc., to Edward Cho, Special Counsel, Division of Market Regulation, Commission, dated July 11, 2007 (confirming that the IIV per Share will be calculated and disseminated at least every 15 seconds during the Exchange's three trading sessions).

¹¹ See *supra* note 5; see also Prospectus Supplement No. 4, dated March 19, 2007, and Prospectus Supplement No. 2, dated January 29, 2007, for each of the CurrencySharesSM Australian Dollar Trust, CurrencySharesSM British Pound Sterling Trust, CurrencySharesSM Canadian Dollar Trust, CurrencySharesSM Mexican Peso Trust, CurrencySharesSM Swedish Krona Trust, and CurrencySharesSM Swiss Franc Trust (Registration Nos. 333-132362, 333-132361, 333-132363, 333-132367, 333-132366, and 333-132364, respectively); Prospectus Supplement No. 11, dated March 19, 2007, and Prospectus Supplement No. 7, dated January 29, 2007, for the CurrencySharesSM Euro Trust (Registration No. 333-125581); and Prospectus Supplement No. 3, dated April 3, 2007, for the CurrencySharesSM Japanese Yen Trust (Registration Nos. 333-138881 and 333-141821) (collectively, the "Trust Prospectus"). E-mail from Timothy J. Malinowski, Director, NYSE Group, Inc., to Edward Cho, Special Counsel, Division of Market Regulation, Commission, dated July 18, 2007 (confirming that additional information on the foreign currency markets, the Trust, and the Shares can be found in the Exchange Notice, NYSE Approval Orders, and the Trust Prospectus, as supplemented).

¹² E-mail from Timothy J. Malinowski, Director, NYSE Group, Inc., to Edward Cho, Special Counsel, Division of Market Regulation, Commission, dated July 18, 2007 (confirming the information being disseminated over the Consolidated Tape).

¹³ The Sponsor has represented that the spot price will be available on the Trust's Web site without interruption 24 hours per day, seven days per week.

¹⁴ The Exchange notes that there may be incremental differences in the foreign currency spot price among the various information service sources. While the Exchange believes the differences in the foreign currency spot price may be relevant to those entities engaging in arbitrage or in the active daily trading of the applicable foreign currency or derivatives thereon, the Exchange believes such differences are likely of less concern to individual investors intending to hold the Shares as part of a long-term investment strategy.

¹⁵ The Sponsor for the Trusts has represented to the Exchange that the NAV and the Basket Amount (as defined herein) for the Trust will be available to all market participants at the same time.

¹⁶ The Trusts' Web site's foreign currency spot prices will be provided by FactSet Research Systems (<http://www.factset.com>). FactSet Research Systems is not affiliated with the Trusts, Trustee, Sponsor, Depository, Distributor, or the Exchange.

¹⁷ The Sponsor calculates the midpoint price. The midpoint is used for the purpose of calculating the premium or discount of the Shares.

previously listed series of exchange-traded funds. The Exchange believes that the proposed minimum number of Shares outstanding at the start of trading is sufficient to provide market liquidity.²³

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. The trading hours for the Shares on the Exchange are the same as those set forth in NYSE Arca Equities Rule 7.34 (Opening, Core Trading, and Late Trading Sessions, 4 a.m. ET to 8 p.m. ET).²⁴

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These reasons may include (1) The extent to which trading is not occurring in the applicable underlying foreign currency, or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading in the Shares could be halted pursuant to the Exchange's "circuit breaker" rule.²⁵ The Exchange further notes that, if the IIV or the value of an underlying foreign currency is not being calculated or widely disseminated as required, the Exchange may halt trading during the day in which the interruption to the calculation or wide dissemination of the IIV or the value of the underlying foreign currency occurs. If the interruption to the calculation or wide dissemination of the IIV or the value of the underlying foreign currency persists past the trading day in which it occurred, the Exchange would halt trading no later than the beginning of the trading day following the interruption.

The Exchange intends to utilize its existing surveillance procedures applicable to derivative products to monitor trading in the Shares. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules. The

²³ See NYSE Arca Equities Rule 8.202(e) (setting forth the initial and continued listing standards applicable to the Shares). See also Exchange Notice (providing further discussion regarding the initial and continued listing standards applicable to the Shares).

²⁴ See *supra* note 22. See also Exchange Notice (providing further discussion regarding the trading rules applicable to the Shares).

²⁵ See NYSE Arca Equities Rule 7.12 (Trading Halts Due to Extraordinary Market Volatility).

Exchange's current trading surveillance focuses on detecting when securities trade outside their normal patterns. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations. The Exchange may also obtain information via the Intermarket Surveillance Group ("ISG") from other exchanges that are members or affiliate members of ISG. Specifically, the Exchange can obtain key trading information from Phlx in connection with foreign currency options trading and from CME in connection with foreign currency futures trading.²⁶ Furthermore, the Exchange states that the Shares are subject to NYSE Arca Equities Rule 8.202(g)-(i), which set forth certain restrictions on ETP Holders²⁷ acting as registered market makers in the Shares to facilitate surveillance. The Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

Prior to listing and trading the Shares, the Exchange will inform its ETP Holders in an Information Bulletin ("Bulletin") of the special characteristics and risks associated with trading the Shares. Specifically, the Bulletin will discuss the following: (a) The procedures for purchases and redemptions of Shares in Baskets (and that Shares are not individually redeemable); (b) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (c) how information regarding the IIV and applicable foreign currency values is disseminated; (d) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (e) other trading information.

In addition, the Bulletin will reference that the Trust is subject to various fees and expenses, the number of units of the applicable foreign currency required to create a Basket or to be delivered upon redemption of a Basket may gradually decrease over time in the event that a Trust is required to withdraw or sell units of foreign currency to pay the Trust's expenses, and that if done at a time when the price of the applicable foreign currency is

²⁶ The Exchange states that Phlx is a member of ISG and CME is an affiliate member of ISG.

²⁷ An ETP Holder is a registered broker or dealer that has been issued an Equity Trading Permit (ETP) by NYSE Arca Equities.

relatively low, it could adversely affect the value of the Shares, and that there is no regulated source of last-sale information regarding foreign currency. The Bulletin will also discuss any exemptive, no-action, and/or interpretive relief granted by the Commission from the requirements of the Act and any rules thereunder.²⁸

2. Statutory Basis

The proposal is consistent with section 6(b) of the Act,²⁹ in general, and section 6(b)(5) of the Act,³⁰ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The Exchange 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 purpose of the Act.

²⁸ See letter from Racquel L. Russell, Branch Chief, Office of Trading Practices and Processing, Division of Market Regulation, Commission, to George T. Simon, Esq., Foley & Lardner LLP, dated June 21, 2006 ("June 21, 2006 Letter") (granting relief from certain rules under the Act for certain of the Trusts) and letter from James A. Brigagliano, Assistant Director, Division of Market Regulation, Commission, to Michael Schmidtberger, Esq., Sidley Austin Brown & Wood LLP, dated January 19, 2006 ("January 19, 2006 Letter") (granting relief from certain rules under the Act for the DB Commodity Index Tracking Fund). The Sponsor is relying on: (a) The June 21, 2006 Letter regarding Rule 10a-1 under the Act (17 CFR 240.10a-1), Rule 200(g) of Regulation SHO (17 CFR 242.200(g)), and Rules 101 and 102 of Regulation M under the Act (17 CFR 242.101 and 102); and (b) the January 19, 2006 Letter regarding Section 11(d)(1) of the Act (15 U.S.C. 78k(d)(1)) and Rule 11d1-2 thereunder (17 CFR 240.11d1-2). In addition, the Exchange represents that the Trusts will not be subject to the Exchange's corporate governance requirements and the Sponsor has received guidance from the Commission regarding the application of the certification rules for periodic reporting under the Act. See Securities Exchange Act Release No. 48745 (November 4, 2003), 68 FR 64154 (November 12, 2003) (SR-NYSE-2002-33, *et al.*) (noting that the corporate governance standards will not apply to, among others, passive business organizations in the form of trusts). See also Securities Exchange Act Release No. 47654 (April 29, 2003), 68 FR 18788 (April 16, 2003) (File No. S7-02-03) (noting that SROs may exclude from Rule 10A-3's requirements issuers that are organized as trusts or other unincorporated associations that do not have a board of directors or persons acting in a similar capacity and whose activities are limited to passively owning or holding securities, rights, collateral, or other assets on behalf of or for the benefit of the holders of the listed securities).

²⁹ 15 U.S.C. 78f(b).

³⁰ 15 U.S.C. 78f(b)(5).

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

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

III. 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-NYSEArca-2007-57 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-NYSEArca-2007-57. 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 offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File

Number SR-NYSEArca-2007-57 and should be submitted on or before August 22, 2007.

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

After careful review, 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.³¹ In particular, the Commission finds that the proposed rule change is consistent with section 6(b)(5) of the Act,³² which requires that an exchange have rules designed, among other things, 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 notes that it previously approved the original listing and trading of the Shares on NYSE, and the instant proposal is substantively identical to the previous NYSE proposals.³³

The Commission further believes that the proposal is consistent with section 11A(a)(1)(C)(iii) of the Act,³⁴ which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities. Quotations and last sale price information for the Shares are disseminated over the Consolidated Tape.³⁵ The Trust disseminates the foreign currency spot prices for each of the Trusts and the IIV per Share at least every 15 seconds on its Web site during the Opening, Core Trading, and Late Trading Sessions of the Exchange. In addition, the Sponsor publishes the NAV and NAV per Share for each Trust on each day that the Exchange is open for regular trading on the Trusts' Web site. Investors may obtain on a 24-hour basis foreign currency pricing information based on the foreign currency spot price of each applicable foreign currency from various financial information service providers. Current spot prices are also generally available with bid/ask spreads from foreign exchange dealers. In

addition, the Trusts' Web site provides ongoing pricing information for the applicable foreign currency spot prices and the Shares. The Exchange represents that complete, real-time data for foreign currency futures and options prices traded on CME and Phlx are also available by subscription from information service providers. CME and Phlx also provide delayed futures and options information on current and past trading sessions and market news free of charge on their respective Web sites. There are a variety of other public Web sites available at no charge that provide information on the foreign currencies underlying the Shares, including spot price or currency conversion information about the foreign currencies. In addition, the Trusts' Web site provides the following information: (1) The spot price for each applicable foreign currency, including the bid and offer and the midpoint between the bid and offer for the foreign currency spot price, updated every 5 to 10 seconds; (2) a delayed IIV (subject to a 20 minute delay), which is used for calculating premium/discount information; (3) premium/discount information, calculated on a 20 minute delayed basis; (4) accrued interest per Share; (5) the daily Federal Reserve Bank of New York Noon Buying Rate; (6) the Basket Amount for each applicable foreign currency; and (7) the last sale price of the Shares as traded in the U.S. markets, subject to a 20-minute delay. The Exchange states that it will provide on its own Web site a link to the Trusts' Web site.

Furthermore, the Commission believes that the proposal to list and trade the Shares is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately. The Commission notes that the Sponsor has represented that, prior to listing, the NAV for each Trust would be calculated daily and made available to all market participants at the same time.³⁶ NYSE Arca Equities Rule 8.202(i) provides that, in connection with trading in the applicable foreign currency, options, futures or options on futures on such currency, or any other derivatives based on such currency, including Currency Trust Shares, an ETP Holder acting as a Market Maker (as defined in NYSE Arca Equities Rule 1.1(u)) in the Shares is restricted from using any material non-public information received from any person associated with such ETP Holder who is trading such foreign currency, options, futures or options on futures on such currency, or any other derivatives

³¹ 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).

³² 15 U.S.C. 78f(b)(5).

³³ See *supra* note 5.

³⁴ 15 U.S.C. 78k-1(a)(1)(C)(iii).

³⁵ See *supra* note 12 and accompanying text.

³⁶ See *supra* note 15.

based on such currency. In addition, NYSE Arca Equities Rule 8.202(g) prohibits an ETP Holder acting as a registered Market Maker in the Shares from being affiliated with a market maker in the applicable foreign currency, options, futures or options on futures on such currency, or any other derivatives based on such currency, unless adequate information barriers are in place, as provided in NYSE Arca Equities Rule 7.26.

The Commission also believes that the Exchange's trading halt rules are reasonably designed to prevent trading in the Shares when transparency is impaired. NYSE Arca Equities Rule 8.202(e)(2) provides that, when the Exchange is the listing market, if the value of the underlying foreign currency or IIV is no longer calculated or available on at least a 15-second delayed basis, the Exchange would consider suspending trading in the Shares.³⁷ NYSE Arca Equities Rule 8.202(e)(2) also provides that the Exchange may seek to delist the Shares in the event the value of the applicable foreign currency or IIV is no longer calculated or available as required.

The Commission further believes that the trading rules and procedures to which the Shares will be subject pursuant to this proposal are consistent with the Act. The Exchange has represented that any securities listed pursuant to this proposal will be deemed equity securities, and subject to existing Exchange rules governing the trading of equity securities.

In support of this proposal, the Exchange has made the following representations:

(1) The Exchange represents that it intends to utilize its existing surveillance procedures applicable to derivative products to monitor trading in the Shares and that such procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules. The Exchange may obtain information via ISG from other exchanges who are members or affiliates of ISG. Specifically, the Exchange can obtain such information from Phlx in connection with foreign currency options trading on Phlx and from CME in connection with foreign currency futures trading on CME.

(2) The Exchange represents that if the interruption to the calculation or wide dissemination of the value of the underlying foreign currency or IIV persists past the trading day in which it occurred, the Exchange would halt

trading no later than the beginning of the trading day following the interruption.

(3) Prior to listing and trading the Shares, the Exchange represents that it will inform its ETP Holders in the Bulletin of the special characteristics and risks associated with trading the Shares.

This approval order is based on the Exchange's representations.

The Commission finds good cause for approving this proposal before the thirtieth day after the publication of notice thereof in the **Federal Register**. As noted above, the Commission previously approved the original listing and trading of the Shares on NYSE and the trading of the Shares pursuant to UTP on the Exchange.³⁸ The Commission presently is not aware of any regulatory issue that should cause it to revisit those findings or would preclude the listing and trading of the Shares on the Exchange. Accelerating approval of this proposed rule change would allow the Shares to be listed on the Exchange without undue delay and continuously traded without interruption, to the benefit of investors.

V. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,³⁹ that the proposed rule change (SR-NYSEArca-2007-57) be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴⁰

Florence E. Harmon,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56141; File No. SR-Phlx-2007-53]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change as Modified by Amendment No. 1 Thereto Relating to the Extension of a Pilot Program to Quote and Trade Options in Penny Increments

July 24, 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 July 24, 2007, the Philadelphia Stock Exchange, Inc. (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change ascribed in Items I and II below, which Items have been substantially prepared by the Phlx. On July 25, 2007 the Exchange filed Amendment No. 1 to the proposal. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which rendered the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Exchange proposes to extend a pilot (the “Pilot”) that permits certain options series to be quoted and traded in increments of \$0.01. The text of the proposed rule change is available at Phlx, the Commission's Public Reference Room, and <http://www.phlx.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 Phlx included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The 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

The purpose of the proposed rule change is to continue to permit specified options series to be quoted and traded in increments of \$0.01 by extending the Pilot through September 27, 2007.

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(f)(6).

³⁸ See *supra* notes 5 and 6.

³⁹ 15 U.S.C. 78s(b)(2).

⁴⁰ 17 CFR 200.30-3(a)(12).

³⁷ See *supra* note 22.