

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54025; File No. SR-NYSEArca-2006-12)

June 21, 2006

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 Relating to iShares® GSCI Commodity-Indexed Trust

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 April 26, 2006, NYSE Arca, Inc. (the “Exchange”), through its wholly owned subsidiary NYSE Arca Equities, Inc. (“NYSE Arca Equities” or the “Corporation”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. On June 19, 2006, the Exchange submitted Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons and is approving the proposal, as amended, on an accelerated basis.

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

The Exchange, through its wholly owned subsidiary NYSE Arca Equities, proposes to amend its rules governing NYSE Arca, LLC (also referred to as the “NYSE Arca Marketplace”), the equities trading facility of NYSE Arca Equities. The Exchange proposes new NYSE Arca Equities Rule 8.203 in order to permit trading, either by listing or pursuant to unlisted trading privileges (“UTP”), shares issued by a trust that is a commodity pool that holds long positions in

¹ 15 U.S.C 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 made changes to the proposed rule text, as well as to corresponding sections of the Purpose section. Amendment No. 1 also made other clarifying changes to the Purpose section.

futures contracts on a specified commodity index, or interests in a commodity pool that, in turn, holds such long positions (“Commodity Index Trust Shares”) and trading, pursuant to UTP, shares (“Shares”) of the iShares® GSCI® Commodity-Indexed Trust (the “Trust”).⁴

The text of the proposed rule change appears below. All text is new.

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Rules of NYSE Arca Equities, Inc.

Rule 8.203

Commodity Index Trust Shares

- (a) The Corporation will consider for trading, whether by listing or pursuant to unlisted trading privileges, Commodity Index Trust Shares that meet the criteria of this Rule.
- (b) Applicability. This Rule is applicable only to Commodity Index Trust Shares. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, the provisions of the trust issued receipts rules, Bylaws, and all other rules and procedures of the Board of Directors shall be applicable to the trading on the Corporation of such securities. Commodity Index Trust Shares are included within the definition of "security" or "securities" as such terms are used in the Bylaws and Rules of the Corporation.
- (c) Commodity Index Trust Shares. The term "Commodity Index Trust Shares" as used in the Rules shall, unless the context otherwise requires, mean a security that (a) is issued by a trust ("Trust") that (i) is a commodity pool as defined in the Commodity Exchange Act and regulations thereunder, and that is managed by a commodity pool operator registered with the Commodity Futures Trading Commission, and (ii) that holds long positions in futures contracts on a specified commodity index, or interests in a commodity pool which, in turn, holds such long

⁴ iShares® is a registered trademark of Barclays Global Investors, N.A. GSCI is a registered trademark of Goldman, Sachs & Co.

positions; (b) when aggregated in some specified minimum number may be surrendered to the Trust by the beneficial owner to receive positions in futures contracts on a specified index and cash or short term securities. The term “futures contract” is commonly known as a “contract of sale of a commodity for future delivery” set forth in Section 2(a) of the Commodity Exchange Act.

(d) Designation. The Corporation may trade, either by listing or pursuant to unlisted trading privileges, Commodity Index Trust Shares based on one more more securities. The Commodity Index Trust Shares based on particular securities shall be designated as a separate series and shall be identified by a unique symbol.

(e) Initial and Continued Listing. Commodity Index Trust Shares will be listed and traded on the Corporation subject to application of the following criteria:

(1) *Initial Listing* --the Corporation will establish a minimum number of Commodity Index Trust Shares required to be outstanding at the time of commencement of trading on the Corporation.

(2) *Continued Listing* -- the Corporation will consider the suspension of trading in or removal from listing of a series of Commodity Index Trust Shares under any of the following circumstances:

(i) following the initial twelve-month period beginning upon the commencement of trading of the Commodity Index Trust Shares, there are fewer than 50 record and/or beneficial holders of Commodity Index Trust Shares for 30 or more consecutive trading days;

(ii) if the value of the applicable underlying index is no longer calculated or available on at least a 15-second delayed basis from a source unaffiliated with the sponsor, the Trust or the trustee of the Trust; or

(iii) if the net asset value for the trust is no longer disseminated to all market participants at the same time;

(vi) if the Indicative Trust Value is no longer made available on at least a 15-second delayed basis; or

(v) if such other event shall occur or condition exists which in the opinion of the Corporation makes further dealings on the Corporation inadvisable.

Upon termination of a Trust, the Corporation requires that Commodity Index Trust Shares issued in connection with such entity Trust be removed from Corporation listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

(3) *Term* --The stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus.

(4) *Trustee* --The following requirements apply:

(i) The trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.

(ii) No change is to be made in the trustee of a listed issue without prior notice to and approval of the Corporation.

(5) *Voting* --Voting rights shall be as set forth in the applicable Trust prospectus.

(f) *Limitation of Corporation Liability.* Neither the Corporation nor any agent of the Corporation shall have any liability for damages, claims, losses or expenses caused by any

errors, omissions, or delays in calculating or disseminating any applicable underlying index value; the current value of the applicable positions or interests required to be deposited to the Trust in connection with issuance of Commodity Index Trust Shares; net asset value; or any other information relating to the purchase, redemption, or trading of the Commodity Index Trust Shares, resulting from any negligent act or omission by the Corporation, or any agent of the Corporation, or any act, condition or cause beyond the reasonable control of the Corporation, its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in the applicable positions or interests.

(g) Information Barrier. An ETP Holder acting as a registered Market Maker or Market Maker Authorized Trader in Commodity Index Trust Shares is obligated to comply with PCXE Rule 7.26 pertaining to limitations on dealings when such Market Maker or Market Maker Authorized Trader, or affiliate of such persons, engages in Other Business Activities. For purposes of Commodity Index Trust Shares only, Other Business Activities shall include trading in the applicable physical commodities included in, or options, futures or options on futures on, an index underlying an issue of Commodity Index Trust Shares or any other derivatives based on such index or based on any commodity included in such index.

(h) Market Maker Accounts. An ETP Holder acting as a registered Market Maker in Commodity Index Trust Shares must file with the Exchange in a manner prescribed by the Exchange and keep current a list identifying all accounts for trading in the applicable physical commodities included in, or options, futures or options on futures on, an index underlying an issue of Commodity Index Trust Shares or any other derivatives based on such index or based on

any commodity included in such index, which the Market Maker may have or over which it may exercise investment discretion. No Market Maker shall trade in the applicable physical commodities included in, or options, futures or options on futures on, an index underlying an issue of Commodity Index Trust Shares or any other derivatives based on such index or based on any commodity included in such index, in an account in which a Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange as required by this Rule.

In addition to the existing obligations under Exchange rules regarding the production of books and records, the ETP Holder acting as a Market Maker in Commodity Index Trust Shares shall make available to the Exchange such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts for trading the applicable physical commodities included in, or options, futures or options on futures on, an index underlying an issue of Commodity Index Trust Shares or any other derivatives based on such index or based on any commodity included in such index, as may be requested by the Exchange.

(i) In connection with trading the applicable physical commodities included in, or options, futures or options on futures on, an index underlying an issue of Commodity Index Trust Shares or any other derivatives based on such index (including Commodity Index Trust Shares), the ETP Holder acting as a Market Maker in Commodity Index Trust Shares shall not use any material nonpublic information received from any person associated with an ETP Holder or employee of such person regarding trading by such person or employee in the applicable physical commodities included in, or options, futures or options on futures on, an index underlying an issue of Commodity Index Trust Shares or any other derivatives based on such

index or based on any commodity included in such index.

Commentary:

.01 A Commodity Index Trust Share is a Trust Issued Receipt that holds long positions in futures contracts on a specified commodity index, or interests in a commodity pool which, in turn, holds such long positions, deposited with the Trust.

.02 The Corporation requires that ETP Holders provide all purchasers of newly issued Commodity Index Trust Shares a prospectus for the series of Commodity Index Trust Shares.

.03 Transactions in Commodity Index Trust Shares will occur during the trading hours specified in PCXE Rule 7.34.

.04 The Corporation will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before trading, either by listing or pursuant to unlisted trading privileges, Commodity Index Trust Shares.

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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, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change, as amended, 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, and is set forth in Sections A, B, and C below.

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

1. Purpose

The Exchange proposes to add new NYSE Arca Equities Rule 8.203 in order to permit trading, either by listing or pursuant to UTP, of Commodity Index Trust Shares.⁵ The Exchange also proposes to trade the Shares of the Trust pursuant to UTP. The New York Stock Exchange, Inc. ("NYSE") filed a rule proposal to list and trade the Shares, which was approved by the Commission on June 16, 2006.⁶

The Shares represent fractional undivided beneficial interests in the net assets of the Trust. Substantially all of the assets of the Trust consist of its holdings of the limited liability company interests of a commodity pool ("Investing Pool Interests"), which are the only securities in which the Trust may invest. That commodity pool, iShares[®] GSCI Commodity-Indexed Investing Pool LLC ("Investing Pool"), holds long positions in futures contracts on the GSCI Excess Return Index ("GSCI-ER"), called "CERFs," listed on the Chicago Mercantile Exchange ("CME") and will post margin in the form of cash or short-term securities to collateralize these futures positions. The GSCI-ER is calculated based on the same commodities included in the Goldman Sachs Commodity Index ("GSCI"), which is a production-weighted

⁵ Commodity Index Trust Shares are securities that (a) are issued by a trust which (i) is a commodity pool as defined in the Commodity Exchange Act and regulations thereunder, and (ii) which holds long positions in futures contracts on a specified commodity index, or interests in a commodity pool which, in turn, holds such long positions; (b) when aggregated in some specified minimum number may be surrendered to the trust by the beneficial owner to receive positions in futures contracts on a specified index and cash or short term securities.

⁶ See Securities Exchange Act Release Nos. 53659 (April 17, 2006), 71 FR 21074 (April 24, 2006) (notice of filing of SR-NYSE-2006-17) ("NYSE Proposal") and 54013 (June 16, 2006) ("NYSE Order").

index of the prices of a diversified group of futures contracts on physical commodities. The GSCI is administered, calculated and published by Goldman, Sachs & Co. (the “Index Sponsor”), a subsidiary of The Goldman Sachs Group Inc.

According to the Trust’s Registration Statement,⁷ the Trust’s objective is that the performance of the Shares will correspond generally to the performance of the GSCI Total Return Index (“Index”) before payment of the Trust’s and the Investing Pool’s expenses and liabilities. The Index is intended to reflect the performance of a diversified group of commodities. The Trust and the Investing Pool are each commodity pools, as defined in the Commodity Exchange Act and the applicable regulations of the Commodity Futures Trading Commission.

(a) Commodity Index Trust Shares and the Shares

Proposed NYSE Arca Equities Rule 8.203 is intended to accommodate possible future listing and trading of shares of trusts based on positions in futures contracts on a specified commodity index, in addition to the Index’s Shares. Any new listing or trading of an issue of Commodity Index Trust Shares will be subject to approval of a proposed rule change by the Commission pursuant to Section 19(b)(2)⁸ of the Act and Rule 19b-4 thereunder.⁹

Descriptions of the Shares, the Investing Pool, the futures contracts, the Index, the GSCI-ER, the GSCI, and the fees and expenses of the Trustee are set forth in the NYSE Proposal.¹⁰ To summarize, issuances of Shares will be made only in baskets of 50,000 Shares or multiples thereof (“Baskets”). The Trust will issue and redeem the Shares on a continuous basis, by or through participants that have entered into participant agreements (each, an “Authorized

⁷ The Sponsor, on behalf of the Trust, filed the Form S-1 (the “Registration Statement”) on July 22, 2005, as amended. See Registration No. 333-126810.

⁸ 15 U.S.C. 78s(b)(1).

⁹ 17 CFR 240.19b-4.

¹⁰ See NYSE Proposal, supra note 6.

Participant”) with Barclays Global Investors International, Inc. (the “Sponsor”) and Barclays Global Investors, N.A. (the “Trustee”).

Baskets will be issued only in exchange for an amount of CERFs and cash (or, in the discretion of the Trustee, Short-Term Securities¹¹ in lieu of cash) equal to the Basket Amount for the Business Day¹² on which the creation order was received by the Trustee. The Basket Amount for a Business Day will have a per Share value equal to the Net Asset Value (“NAV”) as of such day. However, orders received by the Trustee after 2:40 p.m. Eastern time (“ET”), will be treated as received on the next following Business Day. The Trustee will notify the Authorized Participants of the Basket Amount on each Business Day. Baskets are then separable upon issuance into the Shares that will be traded on NYSE Arca Marketplace on a UTP basis.¹³

The Shares will not be individually redeemable but will be redeemable only in Baskets. To redeem, an Authorized Participant will be required to accumulate enough Shares to constitute a Basket (i.e., 50,000 Shares). Authorized Participants that wish to redeem a Basket will receive an amount of CERFs and cash (or, in the discretion of the Trustee, Short-Term Securities in lieu of cash) equal to the Basket Amount on the Business Day the redemption request is received by the Trustee, in exchange for each Basket surrendered. However, redemption requests received by the Trustee after 2:40 p.m. ET (or, on any day on which the CME is scheduled to close early,

¹¹ “Short-Term Securities” means U.S. Treasury Securities or other short-term securities and similar securities, in each case that are eligible as margin deposits under the rules of the CME.

¹² The Trust Registration Statement defines “Business Day” as any day (1) on which none of the following occurs: (a) the NYSE is closed for regular trading, (b) the CME is closed for regular trading or (c) the Federal Reserve transfer system is closed for cash wire transfers, or (2) the Trustee determines that it is able to conduct business.

¹³ Shares are separate and distinct from the underlying portfolio of the Trust. The Exchange expects that the number of outstanding Shares will increase and decrease as a result of in-kind deposits and withdrawals in the underlying portfolio.

after the close of trading of CERFs on the CME on such day), will be treated as received on the next following Business Day. The operation of the Trust and creation and redemption process is described in more detail in the NYSE Proposal.¹⁴

On each Business Day on which the NYSE is open for regular trading, as soon as practicable after the close of regular trading of the Shares on the NYSE (normally, 4:15 p.m. ET), the Trustee will determine the net asset value of the Trust and the NAV as of that time. The calculation methodology for the NAV is described in more detail in the NYSE Proposal.

The NAV for the Shares on each Business Day on which the NYSE is open for regular trading will be distributed to all market participants at the same time.¹⁵ The NAV will be distributed through major market data vendors and will be published online at <http://www.ishares.com>, or any successor thereto. The Trust will update the NAV as soon as practicable after each subsequent NAV is calculated.

(b) **Dissemination of Information Relating to the Shares and the Underlying Futures Contracts and Commodities**

The Web site for the Trust (www.ishares.com), which will be publicly accessible at no charge, will contain the following information: (a) the prior Business Day's NAV and the reported closing price; (b) the midpoint of the bid-ask price¹⁶ in relation to the NAV as of the time the NAV is calculated (the "Bid-Ask Price"); (c) calculation of the premium or discount of such price against such NAV; (d) data in chart form displaying the frequency distribution of

¹⁴ See NYSE Proposal, *supra* note 6.

¹⁵ Telephone conversation between Lisa Dallmer, Vice President, NYSE Arca, Inc., and Florence Harmon, Senior Special Counsel, Division of Market Regulation ("Division"), Commission, and Angela Muehr, Attorney, Division, Commission, on June 21, 2006.

¹⁶ The bid-ask price of Shares is determined using the highest bid and lowest offer as of the time of calculation of the NAV.

discounts and premiums of the Bid-Ask Price against the NAV, within appropriate ranges for each of the four previous calendar quarters; (e) the prospectus; (f) the holdings of the Trust, including CERFs, cash and Treasury securities; (g) the Basket Amount, and (h) other applicable quantitative information. The Exchange, on its Web site at www.archipelago.com, will include a hyperlink to the Trust's Web site at www.ishares.com.

As described above the NAV for the Trust will be calculated and disseminated daily. According to the NYSE Proposal, the NYSE intends to disseminate from 9:30 a.m. to 4:15 p.m. ET daily by means of CTA/CQ High Speed Lines information with respect to the Indicative Trust Value ("ITV") (as discussed below), recent NAV, and Shares outstanding. NYSE Arca Marketplace will make available on its Web site at www.NYSEArca.com daily trading volume, closing prices, and the NAV.

Various data vendors and news publications publish futures prices and data. Futures quotes and last sale information for the commodities underlying the Index are widely disseminated through a variety of major market data vendors worldwide, including Bloomberg and Reuters. In addition, complete real-time data for such futures is available by subscription from Reuters and Bloomberg. The futures exchanges on which the underlying commodities and CERFs trade also provide delayed futures information on current and past trading sessions and market news generally free of charge on their respective Web sites. The specific contract specifications for the futures contracts are also available from the futures exchanges on their Web sites, as well as from other financial informational sources.

In order to provide updated information relating to the Trust for use by investors, professionals, and other persons, the NYSE will disseminate through the facilities of CTA an updated ITV on a per Share basis. The ITV will be disseminated at least every 15 seconds from

9:30 a.m. to 4:15 p.m. ET. The ITV will be calculated based on the cash and collateral in a Basket Amount divided by 50,000, adjusted to reflect the market value of the Index commodities through investments held by the Investing Pool, i.e. CERFs. The ITV will not reflect price changes to the price of an underlying commodity between the close of trading of the futures contract at the relevant futures exchange and the close of trading on the Exchange. Accordingly, the value of a Share may be influenced by non-concurrent trading hours between the Exchange and the various futures exchanges on which the futures contracts based on the Index commodities are traded.

When the market for futures trading for each of the Index commodities is open, the ITV can be expected to closely approximate the value per Share of the Basket Amount. However, during Exchange trading hours when the futures contracts have ceased trading, spreads and resulting premiums or discounts may widen, and, therefore, may increase the difference between the price of the Shares and the NAV of the Shares. ITV on a per Share basis should not be viewed as a real time update of the NAV, which is calculated only once a day.

The Exchange believes that dissemination of the ITV provides additional information that is not otherwise available to the public and is useful to professionals and investors in connection with the Shares trading on the Exchange or creation or redemption of the Shares.

(c) **Continued Listing and UTP Trading Criteria**

While the Exchange immediately seeks to trade the Shares pursuant to UTP, the Exchange also proposes to adopt general initial and continued listing standards applicable to Commodity Index Trust Shares in the event the Exchange were to list such Commodity Index Trust Shares. In such an event, the Exchange would file with the Commission a Form 19b-4 to list such

Commodity Index Trust Shares. When the Exchange is the listing exchange, the Trust shall be subject to the continued listing criteria under proposed NYSE ARCA Equities Rule 8.203(e).

Under the applicable continued listing criteria, a series of Commodity Index Trust Shares may be delisted as follows: (1) following the initial twelve-month period beginning upon the commencement of trading of the Shares, there are fewer than 50 record and/or beneficial holders of the Shares for 30 or more consecutive trading days; (2) the value of the applicable Index ceases to be calculated or available on at least a 15-second basis from a source unaffiliated with the Sponsor, the Trust or the Trustee; (3) the ITV ceases to be available on at least a 15-second delayed basis; (4) the NAV of the trust is not disseminated to all market participants at the same time;¹⁷ or (5) such other event shall occur or condition exists that, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable. In addition, the Exchange will remove Shares from listing and trading upon termination of the Trust.

If the Exchange is trading Commodity Index Trust Shares pursuant to UTP, such as the Shares, the Exchange will cease trading in the Shares if: (a) the listing market stops trading the Shares because of a regulatory halt similar to a halt based on NYSE ARCA Equities Rule 7.12 or a halt because the ITV or the value of the Index, the GSCI-ER, or the GSCI is no longer calculated or available or a halt because the NAV for the Trust is not disseminated to all market participants at the same time;¹⁸ or (b) the listing market delists the Shares. Additionally, the Exchange may cease trading the Shares if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

¹⁷ If the NAV is not disseminated to all market participants at the same time, the Exchange will immediately contact the Commission staff to discuss measures that may be appropriate under the circumstances.

¹⁸ According to Amendment No. 2 to the NYSE's rule filing for the Trust (SR-NYSE-2006-17), the Trustee for the Trust (Barclays Global Investors International, Inc.) will make the NAV for the Trust available to all market participants at the same time.

(d) Trading Rules

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.

Trading in the Shares on the Exchange will occur in accordance with NYSE ARCA Equities Rule 7.34(a), except that the Shares will not be eligible to trade during the Opening Session (4:00 a.m. to 9:30 a.m. ET) or the Late Trading Session (4:15 p.m. to 8:00 p.m. ET) unless the ITV is disseminated during that time.¹⁹ The Exchange has appropriate rules to facilitate transactions in the Shares during this time. The minimum trading increment for Shares on the Exchange will be \$0.01.

Further, the Exchange has proposed new NYSE ARCA Equities Rules 8.203(g) – (i), which set forth certain restrictions on equity trading permit holders (“ETP Holders”) acting as registered Market Makers in Commodity Index Trust Shares to facilitate surveillance. Proposed NYSE ARCA Equities Rule 8.203(h) requires that an ETP Holder acting as a registered Market Maker in the Shares provide the Exchange with information relating to its trading in the applicable physical commodities included in, or options, futures, or options on futures on the Index or any other derivatives based on the Index or based on any commodity included in such

¹⁹ Until such time as the ITV is disseminated during the Opening Session and/or Late Trading Session, the Exchange expects to trade the Shares during the Core Session only, which is from 9:30 a.m. to 4:15 p.m. ET. In the event of after-hours trading, the Exchange will update NYSE Arca Equities Rule 7.34(a) pursuant to Rule 19b-4. Telephone conversation between Lisa Dallmer, Vice President, NYSE Arca, Inc., and Florence Harmon, Senior Special Counsel, Division of Market Regulation (“Division”), Commission, and Angela Muehr, Attorney, Division, Commission, on June 21, 2006.

Similarly, in the event of after-hours trading, if the Index value is updated during the early or late trading sessions by the Index Sponsor, it must be widely disseminated at least every 15 seconds during after hours trading sessions. Telephone conversation between Lisa Dallmer, Vice President, NYSE Arca, Inc., and Florence Harmon, Senior Special Counsel, Division of Market Regulation (“Division”), Commission, and Angela Muehr, Attorney, Division, Commission, on June 21, 2006.

Index. Proposed NYSE ARCA Equities Rule 8.203(i) prohibits the ETP Holder acting as a registered Market Maker in the Shares from using any material nonpublic information received from any person associated with an ETP Holder or employee of such person regarding trading by such person or employee in the applicable physical commodities included in, or options, futures or options on futures on, the Index or any other derivatives based on the Index or based on any commodity included in such Index (including the Shares). In addition, proposed NYSE ARCA Equities Rule 8.203(g) prohibits the ETP Holder acting as a registered Market Maker in the Shares from being affiliated with a market maker in the applicable physical commodities included in, or options, futures or options on futures on, the Index or any other derivatives based on the Index unless adequate information barriers are in place, as provided in NYSE ARCA Equities Rule 7.26.

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 on the Exchange in the Shares may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the physical commodities, 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 will be subject to trading halts caused by extraordinary market volatility pursuant to the Exchange's "circuit breaker" rule.²⁰

If the Exchange is the listing market for Commodity Index Trust Shares, the Exchange will halt trading in the Shares if: (1) the value of the applicable underlying index, which is updated at least every 15 seconds from a source not affiliated with the sponsor, trust, or trustee,

²⁰ See NYSE ARCA Equities Rule 7.12.

ceases to be available; (2) the ITV per Share, which is updated at least every 15 seconds, ceases to be available; (3) the NAV of the trust is not disseminated to all market participants at the same time;²¹ or (4) the Exchange stops providing on the Exchange's Web site, via a hyperlink to the Trust's Web site, such index value or ITV.²²

If the Exchange is trading the Commodity Index Trust Shares pursuant to UTP, such as the Shares, the Exchange will cease trading the Shares if (a) the listing market stops trading the Shares because of a regulatory halt similar to a halt based on NYSE ARCA Equities Rule 7.12 or a halt because the ITV or the value of each of the Index, the GSCI-ER and the GSCI is no longer calculated or available or a halt because the NAV for the Trust is not disseminated to all market participants at the same time²³ or (b) the listing market delists the Shares.

Commodity Index Trust Shares will be deemed "Eligible Listed Securities," as defined in NYSE ARCA Equities Rule 7.55, for purposes of the Intermarket Trading System ("ITS") Plan and therefore will be subject to the trade through provisions of NYSE ARCA Equities Rule 7.56, which requires that ETP Holders avoid initiating trade-throughs for ITS securities.

As a general matter, the Exchange has regulatory jurisdiction over its ETP Holders and any person or entity controlling an ETP Holder. The Exchange also has regulatory jurisdiction over a subsidiary or affiliate of an ETP Holder that is in the securities business. A subsidiary or affiliate of an ETP Holder that does business only in commodities or futures contracts would not

²¹ If the NAV is not disseminated to all market participants at the same time, the Exchange will immediately contact the Commission staff to discuss measures that may be appropriate under the circumstances.

²² Telephone conversation between Lisa Dallmer, Vice President, NYSE Arca, Inc., and Angela Muehr, Attorney, Division, Commission, on June 20, 2006.

²³ According to Amendment No. 2 to the NYSE's rule filing for the Trust (SR-NYSE-2006-17), the Sponsor for the Trust (Barclays Global Investors International, Inc.) has informed the NYSE that the Trustee for the Trust will make the NAV for the Trust available to all market participants at the same time.

be subject to Exchange jurisdiction, but the Exchange could obtain certain information regarding the activities of such subsidiary or affiliate through surveillance sharing agreements with regulatory organizations of which such subsidiary or affiliate is a member.

(e) **Surveillance**

The Exchange intends to utilize its existing surveillance procedures applicable to derivative products and shares of the streetTRACKS Gold Trust²⁴ to monitor trading in the Shares. The Exchange represents that these procedures are adequate to monitor Exchange trading of the Shares.

The Exchange's current trading surveillance focuses on detecting securities trading outside its normal pattern. 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 is able to obtain information regarding trading in the Shares, the physical commodities included in, or options, futures or options on futures on, an index underlying an issue of Commodity Index Trust Shares or any other derivatives based on such index, through ETP Holders, in connection with such ETP Holders' proprietary or customer trades which they effect on any relevant market. With regard to the Index components, the Exchange can obtain market surveillance information, including customer identity information, with respect to transactions occurring on the New York Mercantile Exchange ("NYMEX"), the Kansas City Board of Trade, ICE Futures, and the London Metal Exchange ("LME"), pursuant to its comprehensive information sharing agreements with each of those exchanges. All of the other trading venues on which the current Index components are traded are members of the Intermarket Surveillance Group ("ISG"); therefore, the Exchange has access to all relevant

²⁴ See supra note 4.

trading information with respect to those contracts without any further action being required on the part of the Exchange.

If at any time the Index Sponsor includes in the Index a contract traded on any other market, which results in more than 10% of the cumulative weight of the Index not being subject to comprehensive surveillance sharing arrangements²⁵ (e.g., is not a member or affiliate of the ISG or to which the Exchange does not have a preexisting comprehensive information sharing agreement), then, prior to the inclusion of such contract in the Index, the Exchange will (i) enter into adequate information sharing arrangements with that other market and (ii) contact the Commission to discuss measures that may be appropriate under the circumstances, including whether the Exchange should file a Form 19b-4 to seek Commission approval prior to the inclusion of the new contract in the Index.

(f) Information Bulletin

Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (1) the procedures for purchases and redemptions of Shares in Baskets (and that Shares are not individually redeemable); (2) NYSE Arca Equities Rule 9.2(a),²⁶ which imposes a duty of due diligence on its ETP Holders to

²⁵ Telephone conversation between Lisa Dallmer, Vice President, NYSE Arca, Inc., and Angela Muehr, Attorney, Division, Commission, on June 20, 2006.

²⁶ The Exchange has proposed to amend NYSE Arca Equities Rule 9.2(a) (“Diligence as to Accounts”) to provide that ETP Holders, before recommending a transaction, must have reasonable grounds to believe that the recommendation is suitable for the customer based on any facts disclosed by the customer as to his other security holdings and as to his financial situation and needs. Further, the proposed rule amendment provides that prior to the execution of a transaction recommended to a non-institutional customer, the ETP Holders should make reasonable efforts to obtain information concerning the customer’s financial status, tax status, investment objectives and any other information that they

learn the essential facts relating to every customer prior to trading the Shares; (3) how information regarding the ITV is disseminated; (4) 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 (5) trading information. For example, the Information Bulletin will advise ETP Holders, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Trust. The Exchange notes that investors purchasing Shares directly from the Trust (by delivery of the Basket Amount) will receive a prospectus. ETP Holders purchasing Shares from the Trust for resale to investors will deliver a prospectus to such investors.

In addition, the Information Bulletin will reference the fact that the Trust is subject to various fees and expenses described in the Registration Statement. The Information Bulletin will also reference the fact that there is no regulated source of last sale information regarding physical commodities, and that the Commission has no jurisdiction over the trading of physical commodities or the futures contracts on which the value of the Shares is based.

believe would be useful to make a recommendation. See Amendment No. 1 to SR-PCX-2005-115 (November 21, 2005).

2. Statutory Basis

The Exchange believes that the proposed rule change, as amended, is consistent with Section 6(b) of the Act²⁷ in general and furthers the objectives of Section 6(b)(5),²⁸ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments and perfect the mechanisms of a free and open market, and to protect investors and the public interest.

In addition, the Exchange believes that the proposal is consistent with Rule 12f-5 under the Act²⁹ because it deems the Shares to be equity securities, thus rendering the Shares subject to the Exchange's existing rules governing the trading of equity securities.³⁰

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

The Exchange does not believe that the proposed rule change, as amended, will impose 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 on the proposed rule change were neither solicited nor received.

²⁷ 15 U.S.C. 78s(b).

²⁸ 15 U.S.C. 78s(b)(5).

²⁹ 17 CFR 240.12f-5.

³⁰ Telephone conversation between Lisa Dallmer, Vice President, NYSE Arca, Inc., and Florence Harmon, Senior Special Counsel, Division, Commission, and Angela Muehr, Attorney, Division, Commission, on June 21, 2006.

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-2006-12 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-NYSEArca-2006-12. 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

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-2006-12 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

The Commission finds that the proposed rule change, as amended, 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.

In addition, the Commission finds that the proposal is consistent with Section 12(f) of the Act,³³ which permits an exchange to trade, pursuant to UTP, a security that is listed and registered on another exchange.³⁴ The Commission notes that it previously approved the listing and trading

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 15 U.S.C. 78l(f).

³⁴ Section 12(a) of the Act, 15 U.S.C. 78l(a), generally prohibits a broker-dealer from trading a security on a national securities exchange unless the security is registered on that exchange pursuant to Section 12 of the Act. Section 12(f) of the Act excludes from this restriction trading in any security to which an exchange “extends UTP.” When an exchange extends UTP to a security, it allows its members to trade the security as if it were listed and registered on the exchange even though it is not so listed and registered.

of the Shares on the NYSE.³⁵ The Commission also finds that the proposal is consistent with Rule 12f-5 under the Act,³⁶ which provides that an exchange shall not extend UTP to a security unless the exchange has in effect a rule or rules providing for transactions in the class or type of security to which the exchange extends UTP. NYSEArca rules deem the Shares to be equity securities; thus trading in the Shares will be subject to the Exchange's existing rules governing the trading of equity securities.

The Commission further believes that the proposal is consistent with Section 11A(a)(1)(C)(iii) of the Act,³⁷ which sets forth Congress's 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.

In support of the portion of the proposed rule change regarding UTP of the Shares, the Exchange has made the following representations:

1. The Exchange has appropriate rules to facilitate transactions in this type of security in all trading sessions.
2. The Exchange's surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange.
3. The Exchange will distribute an Information Bulletin to its members prior to the commencement of trading of the Shares on the Exchange that explains the special characteristics and risks of trading the Shares.

³⁵ See NYSE Order, *supra* note 6.

³⁶ 17 CFR 240.12f-5.

³⁷ 15 U.S.C. 78k-1(a)(1)(C)(iii).

4. The Exchange will require a member with a customer who purchases newly issued Shares on the Exchange to provide that customer with a product prospectus and will note this prospectus delivery requirement in the Information Bulletin.

5. The Exchange will cease trading in the Shares if (1) the listing market stops trading the Shares because of a regulatory halt similar to a halt based on NYSE Arca Equities Rule 7.12 and/or a halt because the ITV or the value of each of the Index, the GSCI-ER and the GSCI,) or a halt because the NAV of the trust is not disseminated to all market participants at the same time; is no longer calculated or available or (2) the listing market delists the Shares. Additionally, the Exchange may cease trading the Shares if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

6. If, at any time, the Index Sponsor includes in the Index a contract traded on any other market, which results in more than 10% of the cumulative weight of the Index not being subject to comprehensive surveillance sharing arrangements, then, prior to the inclusion of such contract in the Index, the Exchange will (i) enter into adequate information sharing arrangements with that other market and (ii) contact the Commission to discuss measures that may be appropriate under the circumstances, including whether the Exchange should file a Form 19b-4 to seek Commission approval prior to the inclusion of the new contract in the Index.

This approval order is conditioned on the Exchange's adherence to these representations.

The Commission finds good cause for approving this proposed rule change before the thirtieth day after the publication of notice thereof in the Federal Register. As noted previously, the Commission previously found that the listing and trading of these Shares on the NYSE is consistent with the Act.³⁸ The Commission presently is not aware of any issue that would cause it

³⁸ See NYSE Order, supra note 6.

to revisit that earlier finding or preclude the trading of these funds on the Exchange pursuant to UTP. Therefore, accelerating approval of this proposed rule change should benefit investors by creating, without undue delay, additional competition in the market for these Shares.

V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act, that the proposed rule change, as amended (SR-NYSEArca-2006-12), is hereby approved on an accelerated basis.³⁹

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

Nancy M. Morris
Secretary

*Action as set forth or recommended herein
APPROVED pursuant to authority delegated by the
Commission under Public Law 87-592.*

For the Division of Market Regulation

by: _____
(Date)

³⁹ 15 U.S.C. 78s(b)(2).

⁴⁰ 17 CFR 200.30-3(a)(12).