

which has not been reported to the Exchange.

III. Discussion

After careful consideration, 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 exchange⁷ and, in particular, the requirements of Section 6 of the Act.⁸ Specifically, the Commission finds that the proposed rule change 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 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.

Surveillance

The Commission notes that the Exchange has represented that it has an adequate surveillance program in place for options based on Commodity Pool ETFs. The Exchange may obtain trading information via the Intermarket Surveillance Group (“ISG”) from other exchanges who are members or affiliates of the ISG and have entered into numerous comprehensive surveillance sharing agreements with various commodity futures exchanges worldwide. Prior to listing and trading options on Commodity Pool ETFs, the Exchange represented that it will either have the ability to obtain specific trading information via ISG or through a comprehensive surveillance sharing agreement with the exchange or exchanges where the particular commodity futures and/or options on commodity futures are traded. In addition, the Exchange represented that the addition of Commodity Pool ETF options will not have any effect on the rules pertaining to position and exercise limits¹⁰ or margin.¹¹

Listing and Trading of Options on Commodity Pool ETFs

The Commission notes that, pursuant to the proposed rule change, a Commodity Pool ETF will be subject to the provisions of Amex Rules 915 and 916, as applicable. These provisions include requirements regarding initial and continued listing standards, the

creation/redemption process for ETFs, and trading halts. All Commodity Pool ETFs must be traded through a national securities exchange or through the facilities of a national securities association, and must be “NMS stock” as defined under Rule 600 of Regulation NMS.¹²

The Commission believes that this proposal is necessary to enable the Exchange to list and trade options on an expanding range of Commodity Pool ETFs currently approved for trading and that it is reasonable to expect other types of Commodity Pool ETFs to be introduced for trading in the future. This proposal would help ensure that the Exchange will be able to list options on Commodity Pool ETFs that have been recently launched as well as any other similar Commodity Pool ETFs that may be listed and traded in the future¹³ thereby offering investors greater option choices.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁴ that the proposed rule change (SR-Amex-2006-110), is hereby approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁵

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55550; File No. SR-NASDAQ-2007-010]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 2 Thereto To Amend Rule 4611 Relating to Sponsored Access

March 28, 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 February 16, 2007, The NASDAQ Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in

Items I and II below, which Items have been substantially prepared by Nasdaq. On February 23, 2007, Nasdaq filed Amendment No. 1 to the proposed rule change but subsequently withdrew it. On February 23, 2007, Nasdaq filed Amendment No. 2 to the proposed rule change. The Exchange has filed the proposal as 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 it 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

Nasdaq proposes to amend the Nasdaq Rule 4611 to update and codify the requirements applicable to Nasdaq members that provide sponsored access to other firms and customers to the Nasdaq execution system. The text of the proposed rule change is available at Nasdaq, the Commission’s Public Reference Room, and <http://www.nasdaq.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, Nasdaq included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. Nasdaq 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

Nasdaq proposes to amend the Nasdaq Rule 4611 to update and codify the requirements applicable to Nasdaq members that provide sponsored access to other firms and customers to the Nasdaq execution system. Currently, Nasdaq members provide sponsored access consistent with guidance set forth in NASD Notice to Members 98-66 as updated by the NASD in Notice

⁷ In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ See Amex Rules 904 and 905.

¹¹ See Amex Rule 462.

¹² 17 CFR 242.600(b)(47).

¹³ 17 CFR 240.19b-4(e).

¹⁴ 15 U.S.C. 78s(b)(2).

¹⁵ 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(f)(6).

to Members 04–66.⁵ Consistent with its status as an independent self-regulatory organization and the need to establish rules governing the use of its systems, Nasdaq proposes to adopt a sponsored access rule in the Nasdaq Rule Manual.

In recognition of the fact that Nasdaq members are members of other exchanges, that they use other exchanges' systems, and that they provide or receive sponsored access on other exchanges in the same manner as on Nasdaq, Nasdaq is proposing to adopt a sponsored access rule that is identical to that of another exchange, specifically NYSE Arca, Inc. ("NYSE Arca"). The NYSE Arca sponsored access rule has, by virtue of Commission approval, been determined to be consistent with the Act, including being consistent with the public interest and the protection of investors.

The proper usage of Nasdaq's systems and the protection of investors will be achieved in several ways. Sponsored participants must enter into and maintain customer agreements with one or more sponsoring members, establishing proper relationships and accounts through which the sponsored participant may trade on the Nasdaq Market Center. In such customer agreements sponsored participant and its sponsoring member must agree in writing to "Sponsorship Provisions" that (1) obligates the sponsoring member and sponsored participant to enter into a contractual relationship with Nasdaq; (2) ensures that orders and trades are honored; (3) holds the sponsoring member responsible for the conduct of sponsored participants; (4) obligates sponsored participants to comply with all applicable Nasdaq rules; (5) restricts access to Nasdaq systems to a limited group of known and educated users, (6) requires sponsoring members to have procedures to monitor its employees, agents, and customers in their access to and use of Nasdaq systems; and (7) ensures full payment of all applicable Nasdaq fees.

The proposed rule change is intended to codify practices currently in use in existing sponsored access relationships.

2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the

⁵ Nasdaq established Rule 4611(d) in order to codify the requirements set forth in the aforementioned NASD Notices to Members. See Securities Exchange Act Release No. 55061 (January 8, 2007), 72 FR 2052 (January 17, 2007) (SR–NASDAQ–2006–061). Nasdaq is amending Rule 4611(d) in order to match the regulatory requirements imposed by another exchange and, thereby, to promote uniform regulation of sponsored access relationships.

provisions of Section 6 of the Act,⁶ in general, and with Section 6(b)(5) of the Act,⁷ in particular, in that the proposal 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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.

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

Nasdaq does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments were neither solicited nor received.

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

Because the foregoing rule change does not: (1) Significantly affect the protection of investors or the public interest; (2) impose any significant burden on competition; and (3) become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and Rule 19b–4(f)(6) thereunder.⁹

A proposed rule change filed under 19b–4(f)(6) normally may not become operative prior to 30 days after the date of filing.¹⁰ However, Rule 19b–4(f)(6)(iii)¹¹ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the

⁶ 15 U.S.C. 78f.

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b–4(f)(6).

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

¹¹ *Id.*

Commission waive the 30-day operative delay. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because such waiver would permit Nasdaq to immediately implement the proposed rule change. For this reason, the Commission designates the proposed rule change to be operative upon filing with the Commission.¹²

At any time within 60 days of the filing of such proposed rule change the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR–NASDAQ–2007–010 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–NASDAQ–2007–010. 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

¹² For the purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 the filing also will be available for inspection and copying at the principal office of Nasdaq. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NASDAQ-2007-010 and should be submitted on or before April 25, 2007.

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

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55563; File No. SR-NASDAQ-2007-031]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of Proposed Rule Change Relating to Trading Three-Character Symbols

March 30, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 29, 2007, The NASDAQ Stock Market LLC ("Nasdaq") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by Nasdaq. 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 the Substance of the Proposed Rule Change

Nasdaq proposes to allow any company with a three-character symbol that transfers its securities to Nasdaq from another domestic market to continue using the existing three-character symbol that identifies the company's securities.

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

In its filing with the Commission, Nasdaq included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. Nasdaq 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

Historically, securities listed on Nasdaq have traded using four or five character symbols.³ In 2005, however, Nasdaq announced its intent to allow companies listed on Nasdaq to also use one-, two-, or three-character symbols beginning on January 31, 2007.⁴ This announcement was designed to provide market participants and vendors the time needed to make required changes to their own systems that may be affected by the change. Nasdaq announced a series of dates throughout December 2006 and January and February 2007 where market participants could test trading Nasdaq stocks using one-, two-, or three-character symbols on weekends, in after hour sessions, and during full day sessions.⁵ Beginning February 20, 2007,

³ This includes securities listed on Nasdaq's predecessor market, operated as a facility of the NASD.

⁴ See Head Trader Alert 2005-133 (November 14, 2005), available at: <http://www.nasdaqtrader.com/Trader/News/2005/headtraderalerts/hta2005-133.stm> and Vendor Alert 2005-070 (November 14, 2005), available at: <http://www.nasdaqtrader.com/Trader/News/2005/vendoralerts/nva2005-070.stm>. See also Head Trader Alert 2006-144 (September 29, 2006), available at: <http://www.nasdaqtrader.com/Trader/News/2006/headtraderalerts/hta2006-144.stm>, Head Trader Alert 2006-193 (November 16, 2006), available at: <http://www.nasdaqtrader.com/Trader/News/2006/headtraderalerts/hta2006-193.stm> and Vendor Alert 2006-065 (October 4, 2006), available at: <http://www.nasdaqtrader.com/Trader/News/2006/vendoralerts/nva2006-065.stm>.

⁵ See Head Trader Alert 2006-201 (December 6, 2006), available at: <http://www.nasdaqtrader.com/Trader/News/2006/headtraderalerts/hta2006-201.stm>, Head Trader Alert 2007-008 (January 25, 2007), available at: <http://www.nasdaqtrader.com/Trader/News/2007/headtraderalerts/hta2007-008.stm>, Head Trader Alert 2007-011 (January 30, 2007), available at: <http://www.nasdaqtrader.com/Trader/News/2007/headtraderalerts/hta2007-011.stm>, Head Trader Alert 2007-020 (February 7, 2007), available at: <http://www.nasdaqtrader.com/Trader/News/2007/headtraderalerts/hta2007-020.stm>, and Head Trader Alert 2007-034 (February

Nasdaq had the ability to accept and distribute Nasdaq-listed securities with one-, two-, or three-character symbols. Nasdaq reminded market participants about this change again on March 1, 2007, stressing that "[a]ll customers should have completed their coding and testing efforts to ensure their readiness to support 1-, 2- and 3-character NASDAQ-listed issues."⁶ On March 22, 2007, Delta Financial Corporation transferred the listing of its common stock to Nasdaq from the American Stock Exchange ("Amex") and maintained its three-character symbol, DFC.⁷ Nasdaq represents that there have been no trading problems reported to Nasdaq as a result of trading that security on Nasdaq with a three-character symbol.

Nasdaq now proposes to allow any company with a three-character symbol that transfers its securities to Nasdaq from another domestic market to continue using the existing three-character symbol that identifies the company's securities.⁸ Nasdaq believes that this will promote competition among exchanges and reduce investor confusion. Specifically, Nasdaq believes that issuers should have the freedom of choice and competition. Nasdaq believes that as issuers face the important choice of where to list their equities, the symbol an issuer currently uses should not factor prominently in the listing decision process. Similarly, Nasdaq believes that the symbol that a market assigns to an issuer should not serve as an anchor if the issuer wishes to transfer to a competing market. Nasdaq believes that, as such, permitting the portability of these symbols will enhance competition among exchanges and encourage issuers to evaluate exchanges on the basis of objective criteria, including the most efficient trading platform for investors and the lowest costs for shareholders.

Nasdaq believes that permitting companies to continue to use their historical symbol will also reduce investor confusion associated with any such transfer because investors will continue to be able to obtain quotations and execute trades using the same familiar symbol and will allow the issuer to maintain a symbol that has

16, 2007), available at: <http://www.nasdaqtrader.com/Trader/News/2007/headtraderalerts/hta2007-034.stm>.

⁶ Head Trader Alert 2007-050 (March 1, 2007), available at: <http://www.nasdaqtrader.com/Trader/News/2007/headtraderalerts/hta2007-050.stm>.

⁷ See Securities Exchange Act Release No. 55519 (March 26, 2007) (SR-NASDAQ-2007-025).

⁸ Nasdaq states that it remains committed to working with the Commission and other markets to establish an equitable and transparent symbol assignment plan.

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.