

in general, and furthers the objectives of Section 6(b)(5),<sup>16</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition.

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

The Exchange did not receive any written comments on the proposed rule change.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which NASD consents, the Commission will:

- (A) By order approve such proposed rule change, or
- (B) Institute proceedings to determine whether the proposed rule change should be disapproved.

The Commission is considering granting accelerated approval of the proposed rule change, as amended, at the end of a 15-day comment period.<sup>17</sup>

### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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

<sup>16</sup> 15 U.S.C. 78f(b)(5).

<sup>17</sup> Amex has requested accelerated approval of this proposed rule change, as amended, prior to the 30th day after the date of publication of the notice of filing thereof, following the conclusion of a 15-day comment period. Telephone conversation between Jeffrey P. Burns, Associate General Counsel, Amex, and Florence Harmon, Senior Special Counsel, Division, Commission on November 21, 2006.

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Amex-2006-19 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-Amex-2006-19. 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 provision 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 Amex. 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 submission should refer to File Number SR-Amex-2006-19 and should be submitted on or before December 21, 2006.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>18</sup>

**Nancy M. Morris,**  
*Secretary.*

[FR Doc. E6-20572 Filed 12-5-06; 8:45 am]

**BILLING CODE 8011-01-P**

<sup>18</sup> 17 CFR 200.30-3(a)(12).

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-54839; File No. SR-Amex-2006-82]

### **Self-Regulatory Organizations; American Stock Exchange LLC; Order Granting Accelerated Approval to a Proposed Rule Change and Amendment No. 1 Thereto and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 2 Thereto Relating to MACRO Tradeable Shares**

November 29, 2006.

#### **I. Introduction**

On August 23, 2006, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder.<sup>2</sup> On October 20, 2006, Amex filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The proposed rule change, as amended by Amendment No. 1, was published for comment in the **Federal Register** on November 2, 2006 for a 15-day comment period.<sup>4</sup> The Commission received no comments on the proposal, as amended. On November 22, 2006, the Exchange filed Amendment No. 2 to the proposed rule change.<sup>5</sup> This order approves the proposed rule change on an accelerated basis, grants accelerated approval to Amendment No. 2 to the proposed rule change, and solicits comments from interested persons on Amendment No. 2.

#### **II. Description of the Proposal**

The Exchange proposes to adopt rules that would provide for the listing and trading of Paired Trust Shares. As defined in proposed Amex Rule 1400, Paired Trust Shares consist of "Holding Shares" issued by a "Holding Trust," and "Tradeable Shares" issued by a "Tradeable Trust," whose values track changes in a designated "Reference Price."<sup>6</sup> Under proposed Amex Rule

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

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

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

<sup>4</sup> See Securities Exchange Act Release No. 54658 (October 26, 2006), 71 FR 64573 (November 2, 2006) ("MACRO Notice").

<sup>5</sup> In Amendment No. 2, the Exchange revised details included in the description of its proposal to reflect changes made to the issuer's Form S-1 Registration Statement since the publication of notice of the proposed rule change. The Exchange also makes clarifying changes to the rule text and description of the proposed rule change.

<sup>6</sup> Paired Trust Shares track changes in the Reference Price through a structure whereby the

1401, a Reference Price is an index or other numerical variable that may measure assets, prices or other economic interests. Proposed Amex Rule 1402 establishes listing and trading criteria for Paired Trust Shares. Pursuant to Commentary .01 to proposed Amex Rule 1402, the Exchange will submit a filing pursuant to Section 19(b) of the Act<sup>7</sup> subject to Commission review and approval for each new series of Paired Trust Shares.

Pursuant to these new rules, the Exchange proposes to list and trade: (1) Claymore MACROshares Oil Up Tradeable Shares (the "Up-MACRO Tradeable Shares"), and (2) Claymore MACROshares Oil Down Tradeable Shares (the "Down-MACRO Tradeable Shares"). The Up-MACRO Tradeable Shares and the Down-MACRO Tradeable Shares (collectively, the "MACRO Tradeable Shares") are issued by and represent an undivided beneficial interest in (1) the Claymore MACROshares Oil Up Tradeable Trust (the "Up-MACRO Tradeable Trust") and (2) the Claymore MACROshares Oil Down Tradeable Trust (the "Down-MACRO Tradeable Trust"), respectively. The assets of these trusts (collectively, the "MACRO Tradeable Trusts") each will consist exclusively of a majority of the Claymore MACROshares Oil Up Holding Shares ("Up-MACRO Holding Shares") issued by the Claymore MACROshares Oil Up Holding Trust ("Up-MACRO Holding Trust") and the Claymore MACROshares Oil Down Holding Shares ("Down-MACRO Holding Shares") issued by the Claymore MACROshares Oil Down Holding Trust ("Down-MACRO Holding Trust").<sup>8</sup>

In its proposal, the Exchange provided detailed description regarding the structure and operation of the MACRO Holding Trusts and MACRO Tradeable Trusts, as well as the listing and trading of MACRO Tradeable Shares. In particular, the Exchange addressed (i) the designation and calculation of the applicable Reference Price, (ii) the calculation of underlying value, (iii) the application of initial and continued listing criteria in proposed Amex Rule 1402, (iv) the creation and redemption process, (v) the dissemination of pricing information, including intraday indicative value, share price, changes in the applicable

paired Holding Trusts enter into one or more reciprocal settlement contracts and earnings distribution agreements.

<sup>7</sup> 15 U.S.C. 78s(b).

<sup>8</sup> The Up-MACRO Holding Shares and Down-MACRO Holding Shares (collectively, MACRO Holding Shares) will not be listed or traded on the Exchange.

Reference Price, (vi) events triggering trading halts and/or delisting, (vii) applicable Exchange trading rules, (viii) the distribution of an information circular to Exchange members, and (ix) surveillance procedures. Key features of the proposal are noted below.

#### *Product Description*

Pursuant to proposed Amex Rules 1400 and 1401, the value of the MACRO Paired Trust Shares is based on a Reference Price, which is the settlement price as established by the NYMEX "Settlement Price Committee"<sup>9</sup> of the light sweet crude oil futures contract of "Designated Maturity",<sup>10</sup> traded on the NYMEX Division of the New York Mercantile Exchange, Inc. ("NYMEX") as established and reported by NYMEX on a per barrel basis in U.S. dollars at the end of each "Price Determination Day"<sup>11</sup> (the "Applicable Reference Price"). Both MACRO Holding Trusts will be holding bills, bonds and notes issued and guaranteed by the United States Treasury, and repurchase agreements fully collateralized by U.S. Treasury securities.<sup>12</sup>

<sup>9</sup> In the event that no settlement price is determined for the light sweet crude oil contract on the NYMEX on a given Price Determination Day and no substitute oil price provider can be utilized, then the settlement price on the prior Price Determination Day will be utilized as that day's settlement price on which to base the Applicable Reference Price of Crude Oil.

<sup>10</sup> A light sweet futures contract of Designated Maturity means the contract that matures (i) during the next succeeding calendar month if the date of determination is the first day of the current calendar month through and including the tenth business day of the current calendar month, and (ii) during the second succeeding calendar month if the date of determination is the eleventh business day through the last day of the current calendar month.

<sup>11</sup> A "Price Determination Day" for this purpose is each day on which trading of the light sweet crude oil futures contract of the Designated Maturity occurs by open outcry on the trading floor of the NYMEX (located in New York City, New York), rather than through electronic or other means. If a substitute reference oil price is being used, the "Price Determination Day" will be each day on which this price is determined by, or in accordance with the rules of, the substitute oil price provider. If a benchmark other than the light sweet crude oil futures contract traded on the NYMEX is used to determine the Applicable Reference Price of Crude Oil, the Exchange will file with the Commission a proposed rule change pursuant to Rule 19b-4, seeking approval to continue trading the MACRO Tradeable Shares, which must be approved by the Commission for continued trading of the shares.

<sup>12</sup> The repurchase agreements will be entered into with counterparties that are (i) banks with at least one billion U.S. dollars in assets or (ii) registered securities dealers that are deemed creditworthy by the administrative agent. Such repurchase agreements must terminate overnight, and the obligation of a counterparty to repurchase U.S. Treasury securities from a MACRO Holding Trust will be fully collateralized, as defined in Rule 5b-3 under the 1940 Act. None of the counterparties may be "affiliated persons" (as defined in the 1940 Act) with respect to the trustee, the administrative

The Up-MACRO Holding Trust will enter into an income distribution agreement and multiple settlement contracts with the Down-MACRO Holding Trust.<sup>13</sup> If the Applicable Reference Price rises above its starting level, the Up-MACRO Holding Trust's underlying value will increase proportionately to include all of its assets plus an obligation of the Down-MACRO Holding Trust to transfer a portion of its assets. The Down-MACRO Holding Trust's underlying value will decrease proportionately because an obligation to transfer a portion of the Down-MACRO Holding Trust's assets will be included in the calculation of the underlying value of the Up-MACRO Holding Trust. Conversely, if the level of the Applicable Reference Price of Crude Oil falls below its starting level, the Up-MACRO Holding Trust's underlying value will decrease proportionately because an obligation to transfer a portion of the Up-MACRO Holding Trust's assets will be included in the calculation of the underlying value of the Down-MACRO Holding Trust. The Down-MACRO Holding Trust's underlying value will increase to include all of its assets plus an obligation of the Up-MACRO Holding Trust to transfer a portion of its assets.

#### *Creation and Redemption of MACRO Tradeable Shares*

Similar to other exchange-traded fund products, the MACRO Paired Trust Shares will be issued and redeemed on a continuous basis on any Price Determination Day at a price equal to their respective underlying values. Only certain qualified entities ("Authorized Participants") may create or redeem MACRO Paired Trust Shares. The process by which Authorized Participants create and redeem MACRO Paired Trust Shares is detailed in Amex's proposal. Notably, MACRO Tradeable Shares may only be created and redeemed in paired aggregations of 50,000 Up-MACRO Tradeable Shares and 50,000 Down-MACRO Tradeable Shares.

To create MACRO Paired Trust Shares, the Authorized Participant deposits cash in an amount equal to the combined per share value of the shares to be created. The proceeds will be used to purchase the holdings of the MACRO Holding Trusts, which will be Treasuries maturing prior to the next

agent, the depositor, any of the MACRO Holding Trusts or MACRO Tradeable Trusts or any affiliated persons with respect to any of the foregoing entities.

<sup>13</sup> The assets in each of the MACRO Holding Trusts will serve the function, among others, of securing the contractual obligations between the two trusts.

quarterly distribution date (e.g., three-month U.S. Treasury securities).

Depending upon whether the Authorized Participant(s) who placed the creation order requested holding shares,<sup>14</sup> the trustee for the MACRO Holding Trusts will then deliver all or a portion of the issued MACRO Holding Shares to the MACRO Tradeable Trusts any remainder of MACRO Holding Shares to the creating Authorized Participant(s). The trustee for the Up-MACRO Tradeable Trust will cause such trust to issue additional Up-MACRO Tradeable Shares and deliver such shares to the creating Authorized Participant(s).

A similar process governs redemption of MACRO Paired Trust Shares. In summary, the Authorized Participant must properly place a redemption order and deliver MACRO Holding Shares or MACRO Tradeable Shares that in the aggregate constitute the requisite number of MACRO Units being redeemed, plus the applicable "redemption cash component"<sup>15</sup> and applicable transaction fee. The trustee will effect the redemption by delivering cash and/or U.S. Treasury securities to the redeeming Authorized Participant.<sup>16</sup>

#### Distributions

As described more fully in the publication of notice of the proposed rule change,<sup>17</sup> the MACRO Holding Trusts will make periodic income distributions. Generally, each MACRO Holding Trust will make Quarterly Income Distributions on its MACRO Holding Shares using the income realized on the Treasuries held by the paired MACRO Holding Trusts that remains available after payment of applicable fees and expenses, and payment or receipt of income pursuant to the applicable income distribution

<sup>14</sup> Concurrently with any Paired Issuance, an Authorized Participant will be deemed to have directed the deposit of the MACRO Holding Shares into the respective MACRO Tradeable Trusts and the issuance by each MACRO Tradeable Trust of MACRO Tradeable Shares in exchange for the deposited MACRO Holding Shares. If an Authorized Participant wishes instead to receive MACRO Holding Shares, it must specify this preference in its creation order.

<sup>15</sup> The "redemption cash component" is the cash that must be delivered to a MACRO Holding Trust in connection with a paired optional redemption by the redeeming Authorized Participant to compensate the trust for the excess value that will be delivered to such redeeming Authorized Participant in the form of U.S. Treasury securities delivered to it as a Redemption Distribution.

<sup>16</sup> The amount of cash and/or U.S. Treasury securities delivered on the redemption date in a paired optional redemption by Authorized Participants will always be equal to the aggregate per share underlying values of the MACRO Holding Shares being redeemed, calculated as of the redemption order date.

<sup>17</sup> See MACRO Notice, 71 FR at 64580.

agreement.<sup>18</sup> The MACRO Holding Trusts would also make Redemption Distributions in response to Authorized Participant orders (as described above), and a Final Distribution upon termination.

The Up-MACRO Tradeable Trust will then pass through to the holders of its Up-MACRO Tradeable Shares all Quarterly Income Distributions (and Redemption Distributions and Final Distributions) that it receives on the Up-MACRO Holding Shares that it holds, and the Down-MACRO Tradeable Trust will do likewise to holders of its Down-MACRO Tradeable Shares with respect to all distributions that it receives on the Down-MACRO Holding Shares that it holds.

#### Underlying Value

The underlying value of each MACRO Holding Trust is the aggregate amount of the assets in the paired MACRO Holding Trusts to which that MACRO Holding Trust would be entitled if the settlement contracts between the MACRO Holding Trusts were settled on that day.<sup>19</sup> Information about the calculation of the underlying value of the MACRO Paired Trust Shares was included in the Exchange's proposal.<sup>20</sup> Importantly, if the Applicable Reference Price doubles from its starting level, any further upside gains for holders of Up-MACRO Tradeable Shares and Up-MACRO Holding Shares would be capped, and Down-MACRO Tradeable Shares and Down-MACRO Holding Shares would be valueless. Similarly, if the Applicable Reference Price decreases 100 percent from its starting level, further downside gains for holders of Down-MACRO Tradeable Shares and Down-MACRO Holding Shares would be capped, and the Up-MACRO Tradeable Shares and Up-MACRO Holding Shares would be valueless.<sup>21</sup>

<sup>18</sup> If a MACRO Holding Trust fails to make either (i) a payment under the income distribution agreement or (ii) a Quarterly Income Distribution to its shareholders on any Quarterly Income Distribution date because it does not have any funds available for distribution, it will not be required to make up that payment or Quarterly Income Distribution on subsequent Quarterly Income Distribution dates, even if it has funds available to do so.

<sup>19</sup> Conceptually, the "underlying value" per share of MACRO Holding Shares and MACRO Tradeable Shares is similar to the "net asset value" that is calculated for many other securities. For MACRO securities, however, net asset value is not meaningful because the respective per share values are not determined by the total value of the assets held by each MACRO Holding Trust at any point in time. This is because assets are not transferred daily between the MACRO Holding Trusts to settle the contractual transfer obligations between them.

<sup>20</sup> See MACRO Notice, 71 FR at 64583.

<sup>21</sup> Among other termination triggers, if the Applicable Reference Price rises or falls to a level

#### Arbitrage

In its proposal, the Exchange stated that market fluctuations in the price of a MACRO Tradeable Share are expected to mirror fluctuations in its per share underlying value (i.e., changes in the Applicable Reference Price), similar to the manner in which an exchange traded fund ("ETF") share mirrors its net asset value,<sup>22</sup> because, as is the case with ETF shares, arbitrage opportunities would arise if these values were to move out of line.

#### Periodic Dissemination of Intraday Per Share Values for MACRO Tradeable Shares

During each trading day, the Amex, acting as the calculation agent, will publish to the Consolidated Tape System ("CTS"), at least every 15 seconds during the entire time that the MACRO Tradeable Shares trade on the Amex (normally 9:30 a.m. to 4:15 p.m. each Price Determination Day), an indicative value, referred to as an Indicative Intraday Value ("IIV"), representing the estimated underlying value per share of both the Up-MACRO Tradeable Shares and the Down-MACRO Tradeable Shares. The Amex will also publish these values on its Web site. To enable this calculation, the Amex will receive real time price data from the NYMEX for the light sweet crude oil futures contract that trades on the NYMEX from two major market data vendors, from the opening of trading of the light sweet crude oil futures contract on NYMEX at 10 a.m. to the close of trading of the MACRO Tradeable Shares on the Amex at 4:15 p.m. (New York City time).

Because the NYMEX market for the light sweet crude oil futures contract will be closed for portions of the Amex trading day, the IIV calculated values will become fixed at such time as the NYMEX contract stops trading in the regular trading session.<sup>23</sup> During such time periods, however, if trading in the NYMEX light sweet crude oil futures contract is occurring on the NYMEX electronic aftermarket system, then those trades will be used to update IIV values.

at which the underlying value of either MACRO Holding Trust is equal to 15% or less of the assets it holds on deposit for three consecutive Price Determination Days, the Trust shall be terminated at the end of the quarter during which this occurs. See Amendment No. 2 *supra* at footnote 5.

<sup>22</sup> See *id.*

<sup>23</sup> The IIV calculated value between the opening of trading of the MACRO Tradeable Shares on the Amex at 9:30 a.m. and the opening of trading of the light sweet crude oil futures contract on NYMEX at 10 a.m. (New York City time) will be based on the final price from the prior trading day.

*Dissemination of Other Information on Price Determination Days*

Pursuant to a separate calculation agency agreement with MACRO Securities Depositor, LLC, MacroMarkets and the trusts, the calculation agent (Amex) will perform a number of duties for the Up-MACRO Tradeable Trust, the Up-MACRO Holding Trust, the Down-MACRO Tradeable Trust and the Down-MACRO Holding Trust. On each Price Determination Day, the calculation agent will periodically (at least every 15 seconds<sup>24</sup>) calculate and disseminate an IIV for the Up-MACRO Tradeable Shares and Down-MACRO Tradeable Shares and will also post this information on its Web site at <http://www.amex.com>. As with all other Amex-listed securities, the closing price of the Up-MACRO Tradeable Shares and the Down-MACRO Tradeable Shares on the Amex will be available on the Amex Web site.

The administrative agent, Claymore Securities, will maintain a Web site (<http://www.ClaymoreMacroShares.com>) that is publicly accessible at no charge and will contain the following information posted by the trustee on each Price Determination Day:<sup>25</sup>

- The daily Price Level Percentage Change of the Applicable Reference Price of Crude Oil;
- The daily underlying value<sup>26</sup> of the Up-MACRO Holding Trust and the per share underlying value of the Up-MACRO Holding Shares and the Up-MACRO Tradeable Shares; and
- The daily underlying value of the Down-MACRO Holding Trust and the per share underlying value of the Down-MACRO Holding Shares and the Down-MACRO Tradeable Shares.

Pricing and other information for NYMEX light sweet crude oil futures contracts, including those designated to be the Applicable Reference Price, is available through major market data vendors such as Reuters and Bloomberg.

*Criteria for Initial and Continued Listing*

The MACRO Tradeable Shares will be subject to the criteria in proposed Amex Rule 1402 for initial and continued listing of Paired Trust Shares. Notably,

<sup>24</sup> Telephone conference among Bill Love, Associate General Counsel, Amex, Brian Trackman, Special Counsel, Division of Market Regulation ("Division"), Commission, and Michou Nguyen, Special Counsel, Division, Commission on November 27, 2006 (clarifying timing of dissemination).

<sup>25</sup> The Exchange states that the issuer has represented that all market participants will have access to this data at the same time and, therefore, no market participant will have a time advantage in using such data.

<sup>26</sup> See *supra* note 19.

the Exchange states that it will receive a representation on behalf of the MACRO Holding Trusts and MACRO Tradeable Trusts that the underlying value per share of each MACRO Holding Share and each MACRO Tradeable Share will be calculated daily and will be made available to all market participants at the same time. Such value will be available daily on the administrative agent's publicly accessible Web site. The proposed continued listing criteria provides for the delisting of the Up-MACRO Tradeable Shares or Down-MACRO Tradeable Shares under any of the following circumstances:

- Following the initial twelve month period from the date of commencement of trading of the Up-MACRO Tradeable Shares or Down-MACRO Tradeable Shares: (i) if the corresponding MACRO Tradeable Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of the Up-MACRO Tradeable Shares or Down-MACRO Tradeable Shares for 30 or more consecutive trading days; (ii) if the corresponding MACRO Tradeable Trust has fewer than 50,000 Up-MACRO Tradeable Shares or Down-MACRO Tradeable Shares issued and outstanding; or (iii) if the combined market value of all Up-MACRO Tradeable Shares and Down-MACRO Tradeable Shares together is less than \$1,000,000;

- If the intraday level of the Applicable Reference Price is no longer calculated or available on at least a 15-second delayed basis from a major market data vendor such as Reuters or Bloomberg during the time the MACRO Tradeable Shares trade on the Amex from a source unaffiliated with the depositor, the custodian, MacroMarkets, a MACRO Holding Trust, a MACRO Tradeable Trust, or the Exchange that is a major market data vendor (e.g., Reuters or Bloomberg);

- If the IIV of each Up-MACRO Tradeable Share or Down-MACRO Tradeable Share, as the case may be, is no longer made available on at least a 15-second delayed basis by a major market vendor during the time the MACRO Tradeable Shares trade on the Amex;

- If a benchmark other than the light sweet crude oil futures contract traded on the NYMEX is selected for the determination of the Applicable Reference Price, unless the Exchange files with the Commission a related proposed rule change pursuant to Rule 19b-4 seeking approval to continue trading the MACRO Tradeable Shares,

and such rule change is approved by the Commission; or

- If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

A minimum of 150,000 Up-MACRO Tradeable Shares and 150,000 Down-MACRO Tradeable Shares will be required to be outstanding at the start of trading. The initial price of an Up-MACRO Tradeable Share and a Down-MACRO Tradeable Share will each be approximately \$60 per share, or the price of a barrel of light sweet crude oil on the last Price Determination Day prior to the closing date. The Exchange believes that the anticipated minimum number of MACRO Tradeable Shares outstanding at the start of trading is sufficient to provide adequate market liquidity and to further the objective of providing a simple and cost effective means of making an investment that is similar to an investment in light sweet crude oil.

The Exchange represents that it prohibits the initial and/or continued listing of any security that is not in compliance with Rule 10A-3 under the Act.<sup>27</sup>

*Trading Rules*

The Exchange represents that MACRO Tradeable Shares will be deemed to be equity securities and will be subject to various Amex Rules governing the trading of equity securities. MACRO Tradeable Shares will trade on the Amex from 9:30 a.m. until 4:15 p.m. (New York City time) each business day and will trade in a minimum price variation of \$0.01 pursuant to Amex Rule 127.<sup>28</sup> Importantly, specialist trading of MACRO Paired Trust Shares will be subject to proposed Amex Rules 1403 and 1404 regarding conflicts of interest, and the maintenance and production of books and records, respectively. Unless exemptive or no-action relief is available, MACRO Tradeable Shares will be subject to the short sale rules, and other rules, under the Act. If exemptive or no-action relief is provided, the Exchange will issue a notice detailing the terms of the exemption or relief.

*Trading Halts*

Prior to the commencement of trading, the Exchange will issue an Information Circular (described below) to members informing them of, among other things, Exchange policies regarding trading halts in MACRO Tradeable Shares. First, the Information

<sup>27</sup> See Rule 10A-3(c)(7).

<sup>28</sup> See MACRO Notice, 71 FR at 64588.

Circular will advise that trading will be halted in the event the market volatility trading halt parameters set forth in Amex Rule 117 have been reached. Second, with respect to a halt in trading that is not specified above, the Exchange may also consider other relevant factors and the existence of unusual conditions or circumstances that may be detrimental to the maintenance of a fair and orderly market.

In the event that: (a) The underlying value of each MACRO Holding Trust or the per share underlying values of each of the Up-MACRO Holding Shares, the Up-MACRO Tradeable Shares, the Down-MACRO Holding Shares or the Down-MACRO Tradeable Shares are not disseminated daily to all market participants at the same time; (b) the IIV, updated at least every fifteen (15) seconds on the CTS, for the underlying value per share of both the Up-MACRO Tradeable Shares and the Down-MACRO Tradeable Shares is no longer calculated or available from a major market data vendor (e.g., Reuters or Bloomberg) during the time the MACRO Tradeable Shares trade on the Amex; or (c) the price of the NYMEX light sweet crude oil futures contract is no longer available at least every fifteen (15) seconds from a major market data vendor on the Amex Web site during the time the MACRO Tradeable Shares trade on the Amex,<sup>29</sup> then the Exchange will halt trading. However, in the case of (b) or (c) involving interruption to the required dissemination of IIVs or futures contract prices, the Exchange may consider relevant factors and exercise its discretion regarding the halt or suspension of trading during the day in which the interruption to the dissemination of the IIVs or the futures contract prices occurs. If the interruption to the dissemination of the IIVs or the futures contract prices persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption.

#### Information Circular

The Amex will distribute an Information Circular to its members in connection with the trading of MACRO Tradeable Shares. The Information Circular will discuss the special characteristics and risks of trading this type of security. Specifically, the Information Circular, among other

<sup>29</sup>Trading in the MACRO Tradeable Shares will not be halted on the Amex, however, simply because price data from the NYMEX based on current trading is not available outside the normal open outcry trading hours of light sweet crude oil futures contracts on the NYMEX from 10 a.m. to 2:30 p.m. (New York City time).

things, will discuss what the MACRO Tradeable Shares are, how they are created and exchanged for MACRO Holding Shares by Authorized Participants, the requirement that members and member firms deliver a prospectus to investors purchasing newly issued MACRO Holding Shares and MACRO Tradeable Shares prior to or concurrently with the confirmation of a transaction, applicable Amex rules, dissemination of information regarding the underlying value of each paired MACRO Holding Trust and the share of that underlying value allocable to one Up-MACRO Holding Share, one Up-MACRO Tradeable Share, one Down-MACRO Holding Share and one Down-MACRO Tradeable Share, trading information, and applicable suitability rules. The Information Circular will also explain that the MACRO Holding Trusts and the MACRO Tradeable Trusts are subject to various fees and expenses described in the Registration Statement. The Information Circular will also reference the fact that the Commission has no jurisdiction over the trading of the NYMEX light sweet crude oil futures contract.

The Information Circular will also notify members and member organizations about the procedures for purchases and paired optional redemptions of the MACRO Holding Shares held in the MACRO Tradeable Trusts, which may only be effected in MACRO Units by Authorized Participants. The Information Circular will advise members that the upside gains to investors are capped if the Applicable Reference Price increases or decreases greater than 100 percent. Members should take this feature of MACRO Paired Trust Shares into consideration in discharging their suitability obligations. Additionally, the Information Circular will discuss any relief, if granted, by the Commission or the staff from any rules under the Act.

#### Surveillance

The Exchange represents that its surveillance procedures are adequate to properly monitor the trading of the MACRO Tradeable Shares listed pursuant to the proposed new listing standards. Exchange surveillance procedures applicable to trading in the proposed MACRO Tradeable Shares will be similar to those applicable to trust issued receipts, Portfolio Depository Receipts and Index Fund Shares currently trading on the Exchange. The Amex surveillance systems use data published over CTS (e.g., the IIVs) in its normal course of business. In the event the Exchange needs additional information to audit transactions in

MACRO Tradeable Shares, the NYMEX and Amex have executed a comprehensive information sharing agreement ("CSSA") to support the surveillance responsibilities of the two exchanges.

### III. Discussion and Commission's Findings

After careful consideration, 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.<sup>30</sup> In particular, the Commission finds that the proposed rule change, as amended, is consistent with the requirements of Section 6(b)(5) of the Act,<sup>31</sup> which requires, among other things, that the Exchange's rules be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

#### A. Surveillance

The Commission notes that the Exchange has represented that its surveillance procedures are adequate to monitor the trading of MACRO Paired Trust Shares. The Exchange's CSSA with the NYMEX for the purpose of providing information in connection with trading in or related to futures contracts traded on the NYMEX that will serve as the Reference Price creates the basis for the Amex to monitor for fraudulent and manipulative practices in the trading of the Paired Trust Shares.

Moreover, adoption of proposed Amex Rule 1404 should facilitate surveillance because it will require Exchange specialists, upon Amex's request, to provide the Exchange with information that the specialist uses in connection with pricing and trading the Paired Trust Shares, including proprietary or other information relating to trading in the asset, commodity or other economic interest underlying the Reference Price, related options, related futures or options on futures, or any other related derivatives by the specialist or an affiliated entity.<sup>32</sup>

<sup>30</sup>In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>31</sup>15 U.S.C. 78f(b)(5).

<sup>32</sup>Proposed Amex Rule 1404 requires that the specialist handling the Paired Trust Shares provide the Exchange with information relating to its trading in the shares and the accounts of the member organization acting as specialist, member organization, or approved person of such member organization in the futures underlying the

### B. Dissemination of Information

The Commission believes that sufficient venues exist for obtaining reliable information so that investors in the MACRO Paired Trust Shares can monitor the Applicable Reference Price relative to the IIV of their MACRO Tradeable Shares.

Real-time information about the trading of futures contracts on NYMEX, including futures on light sweet crude oil, is available through major market data vendors by subscription. Delayed information is often publicly available from futures exchanges. The Exchange stated that daily settlement prices for the oil futures contract designated as the Applicable Reference Price for the MACRO Paired Trust Shares is publicly available on NYMEX's Internet Web site.

Additionally, the Exchange has represented that it will calculate and publish to the CTS and its Web site the IIV for both the Up-MACRO Tradeable Shares and Down-MACRO Tradeable Shares, at least every 15 seconds during the time that the MACRO Tradeable Shares trade on the Amex, representing their estimated underlying value on a per share basis. The Commission believes that publication of such information should promote price transparency with regard to the MACRO Tradeable Shares.

The Commission notes that the Exchange will receive a representation on behalf of the MACRO Holding Trusts and MACRO Tradeable Trusts that the underlying value per share of each MACRO Holding Share and each MACRO Tradeable Share will be calculated daily and will be made available to all market participants at the same time. Furthermore, if the IIV or Applicable Reference Price is not disseminated as described in its proposal, the Exchange may halt trading during the day in which the interruption to the dissemination of the IIVs or the futures contract prices occurs. If the interruption to the dissemination of the IIVs or the futures contract prices persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. The Commission believes that these trading halt rules, together with the NAV dissemination requirements and Exchange's proposed delisting criteria, will help ensure that an appropriate level of transparency exists with respect to the MACRO

Applicable Reference Price, related futures or related options on futures, or any other related derivatives.

Tradeable Shares to allow for the maintenance of fair and orderly markets.

### C. Listing and Trading

The Commission finds that the Exchange's proposed rules and procedures for the listing and trading of the Paired Trust Shares are consistent with the Act. The Paired Trust Shares will trade as equity securities subject to Amex rules including, among others, rules governing priority, parity and precedence of orders, specialist responsibilities, account opening and customer suitability requirements. The Commission finds that proposed Amex Rule 1403 relating to certain specialist prohibitions is reasonably designed to address potential conflicts of interest in connection with acting as a specialist in Paired Trust Shares.<sup>33</sup>

The Commission believes that the listing and delisting criteria for the Paired Trust Shares should help to maintain a minimum level of liquidity and therefore minimize the potential for manipulation of the Paired Trust Shares. Additionally, the Commission finds that proposed Amex Rule 1404 is reasonably designed to help ensure that specialists handling the Paired Trust Shares provide the Exchange with all the necessary information relating to their trading in the asset, commodity or other economic interest underlying the Reference Price, related options, related futures or options on futures, or any other related derivatives.

Finally, the Commission notes that the Information Circular the Exchange will distribute will inform members and member organizations about the terms, characteristics and risks in trading the Paired Trust Shares, including their prospectus delivery obligations.

### D. Accelerated Approval

The Commission finds good cause to approve the proposed rule change and Amendment No. 1 thereto prior to the thirtieth day after publication for comment in the **Federal Register** pursuant to Section 19(b)(2) of the Act.<sup>34</sup> Accelerating approval of this proposed rule change should benefit investors who desire to participate, through the MACRO Paired Trust Shares, in an investment based on the value light sweet crude oil as reflected in designated NYMEX futures contracts.

<sup>33</sup> Proposed Amex Rule 1403 provides that the prohibitions in Amex Rule 175(c) apply to a specialist in Paired Trust Shares so that the specialist or affiliated person may not act or function as a market maker in an asset, commodity or other economic interest underlying the Reference Price, related options, related futures or options on futures, or any other related derivatives.

<sup>34</sup> 15 U.S.C. 78s(b)(2).

The Commission also finds good cause to approve Amendment No. 2 to the proposed rule change prior to the 30th day after the amendment is published for comment in the **Federal Register**. Amendment No. 2 makes certain changes to the filing to reflect minor changes made to the issuer's Form S-1 Registration Statement since the filing of this proposed rule change. Amendment No. 2 also makes certain clarifying changes to the rule text and description of the proposed rule change. The Commission believes that, as a whole, these proposed changes strengthen the proposed rule change and do not raise any new regulatory issues.

### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 2, including whether Amendment No. 2 is consistent with the Act. Comments may be submitted by any of the following methods:

#### Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-Amex-2006-82 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-Amex-2006-82. 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 Amex. 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-Amex-2006-82 and should be submitted on or before December 27, 2006.

## V. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-Amex-2006-82), as amended by Amendments No. 1 and 2, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>35</sup>

**Nancy M. Morris,**

*Secretary.*

[FR Doc. E6-20657 Filed 12-5-06; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54827; File No. SR-CBOE-2006-81]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving Proposed Rule Change, as Modified by Amendment No. 1 Thereto, Relating to Minor Rule Violations in Connection With Trade Reporting

November 29, 2006.

On October 4, 2006, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend CBOE Rule 17.50, "Imposition of Fines for Minor Rule Violations," (the "MRVP"), particularly the provisions of CBOE Rule 17.50(g)(4), in order to: (a) Increase the fines for failures to submit trade information in accordance with CBOE Rule 6.51, and (b) extend the "look-back" period for assessing such rule violations. On October 17, 2006, the Exchange filed Amendment No. 1 to the proposed rule change. The proposed rule change, as amended, was published for comment in the **Federal Register** on October 27, 2006.<sup>3</sup> The Commission

received no comments regarding the proposal.

The Commission finds that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>4</sup> In particular, the Commission believes that the proposal is consistent with Section 6(b)(5) of the Act,<sup>5</sup> because a proposed rule change that is reasonably designed to require Exchange members to comply with its trade reporting rules should help protect investors and the public interest.

The Commission also believes that handling violations of trade reporting rules pursuant to the MRVP is consistent with Sections 6(b)(1) and 6(b)(6) of the Act,<sup>6</sup> which require that the rules of an exchange enforce compliance with, and provide appropriate discipline for, violations of Commission and Exchange rules. In addition, because existing CBOE Rule 17.50 provides procedural rights to a person fined under the MRVP to contest the fine and permits a hearing on the matter, the Commission believes that the MRVP, as amended by this proposal, provides a fair procedure for the disciplining of members and persons associated with members, consistent with Sections 6(b)(7) and 6(d)(1) of the Act.<sup>7</sup>

Finally, the Commission finds that the proposal is consistent with the public interest, the protection of investors, or otherwise in furtherance of the purposes of the Act, as required by Rule 19d-1(c)(2) under the Act,<sup>8</sup> which governs minor rule violation plans. The Commission believes that the proposed change to the MRVP should strengthen the Exchange's ability to carry out its oversight and enforcement responsibilities as a self-regulatory organization in cases where full disciplinary proceedings are unsuitable in view of the minor nature of the particular violation.

In approving this proposed rule change, the Commission in no way minimizes the importance of compliance with CBOE rules and all other rules subject to the imposition of fines under the MRVP. The Commission believes that the violation of any self-regulatory organization's rules, as well as Commission rules, is a serious matter. However, the MRVP provides a

reasonable means of addressing rule violations that do not rise to the level of requiring formal disciplinary proceedings, while providing greater flexibility in handling certain violations. The Commission expects that CBOE will continue to conduct surveillance with due diligence and make a determination based on its findings, on a case-by-case basis, whether a fine of more or less than the recommended amount is appropriate for a violation under the MRVP or whether a violation requires formal disciplinary action under CBOE Rules 17.1-17.10.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act<sup>9</sup> and Rule 19d-1(c)(2) under the Act,<sup>10</sup> that the proposed rule change (SR-CBOE-2006-81), as amended, be, and hereby is, approved and declared effective.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Nancy M. Morris,**

*Secretary.*

[FR Doc. 06-9544 Filed 12-5-06; 8:45am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54823; File No. SR-CBOE-2005-111]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change and Amendment No. 1 Thereto Relating to Multiple Representation Exception Procedures

November 28, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 16, 2005, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") 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 prepared by the CBOE. On October 17, 2006, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed rule

<sup>4</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

<sup>6</sup> 15 U.S.C. 78f(b)(1) and 78f(b)(6).

<sup>7</sup> 15 U.S.C. 78f(b)(7) and 78f(d)(1).

<sup>8</sup> 17 CFR 240.19d-1(c)(2).

<sup>9</sup> 15 U.S.C. 78s(b)(2).

<sup>10</sup> 17 CFR 240.19d-1(c)(2).

<sup>11</sup> 17 CFR 200.30-3(a)(12); 17 CFR 200.30-3(a)(44).

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

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

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

<sup>35</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> See Securities Exchange Act Release No. 54631 (October 20, 2006), 71 FR 63057.