

payment accepting firms with whom a specialist has negotiated a payment for order flow arrangement. SPDR Options are currently subject to a \$1.00 per contract fee. The Amex states that this fee solely applies to those orders that are executed electronically through the Exchange's ANTE system.

The Exchange now proposes to allow SROTs to negotiate such an arrangement from any affiliated OFPs from which they receive the guaranteed SROT allocation. Payment collected on SROT trades would be set aside for that particular SROT. In addition, fees would be collected from any SROT, specialist, or ROT who participates in the trade.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6(b) of the Act,<sup>8</sup> in general, and furthers the objectives of section 6(b)(4) of the Act,<sup>9</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among Amex members and other persons using Amex facilities.

### 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 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

The Exchange neither solicited nor received comments with respect to the proposed rule change.

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

The foregoing proposed rule change has been designated as a fee change pursuant to section 19(b)(3)(A)(ii) of the Act<sup>10</sup> and Rule 19b-4(f)(2)<sup>11</sup> thereunder, because it establishes or changes a due, fee, or other charge imposed by the Exchange. Accordingly, the proposal will take effect upon filing with the Commission. 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](mailto:rule-comments@sec.gov). Please include File Number SR-Amex-2006-79 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-2006-79. 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-2006-79 and should be submitted on or before October 19, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

Jill M. Peterson,

Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54478; File No. SR-NASDAQ-2006-016]

### Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Granting Approval of Proposed Rule Change To Eliminate Registration of Foreign Associates Under Nasdaq Membership Rules

September 21, 2006.

On July 21, 2006, The NASDAQ Stock Market LLC ("Nasdaq") submitted to 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 eliminate the requirement for foreign associates to register with Nasdaq. The proposed rule change was published for comment in the **Federal Register** on August 15, 2006.<sup>3</sup> The Commission received no comments on the proposed rule change.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange.<sup>4</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>5</sup> which requires, among other things, that the rules of the Exchange are 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.

<sup>12</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> Securities Exchange Act Release No. 54284 (August 8, 2006), 71 FR 46954.

<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>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(4).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>11</sup> 17 CFR 240.19b-4(f)(2).

Nasdaq proposes to eliminate the foreign associate registration category under Nasdaq Rule 1100 and add an exemption to Nasdaq Rule 1060 for persons formerly covered by this registration category. Pursuant to Nasdaq's definition of a foreign associate, these associated persons would not be conducting any securities activities on the Nasdaq market. The Commission notes that NASD Rule 1100 requires foreign associates of NASD members to register with NASD. The Commission believes that, because many Nasdaq members are also members of NASD, requiring Nasdaq members to register its foreign associates with both self-regulatory organizations is duplicative.<sup>6</sup>

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (SR-NASDAQ-2006-016) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**J. Lynn Taylor,**

*Assistant Secretary.*

[FR Doc. E6-15897 Filed 9-27-06; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54504; File No. SR-NYSE-2006-76]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change Relating To Exchange Rule 104.10 ("Dealings by Specialists")

September 26, 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 September 22, 2006 the New York Stock Exchange LLC ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

<sup>6</sup> The Commission notes that Nasdaq stated in its proposal that it has no reason to expect that the small number of non-NASD members that become Nasdaq members would have associated persons categorized as foreign associates.

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</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.

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

The proposed rule change is an amendment to the specialist stabilization requirements set forth in NYSE Rule 104.10 ("Dealings by Specialists"). The Exchange seeks to implement certain changes as a pilot. The text of the proposed rule change is below. Proposed new language is in *italics*; proposed deletions are in [brackets].

#### Bids and Offers

##### Rule 70.

\* \* \* \* \*  
\* \* \* Supplementary Material  
\* \* \* \* \*

.20 (a)(i) With respect to orders he or she is representing on the Floor, a Floor broker may place within the Display Book<sup>®</sup> system broker agency interest files at multiple price points on both sides of the market at or outside the Exchange best bid and offer with respect to each security trading in the location(s) comprising the Crowd such Floor broker is a part of with respect to orders he or she is representing on the Floor, except that the agency interest files shall not include any customer interest that restricts the specialist's ability to be on parity pursuant to Exchange Rules 104.10[(6)(i)(C)] (5)(i)(a)(I)(d) and 108(a).

\* \* \* \* \*

#### Dealings by Specialists

##### Rule 104

\* \* \* \* \*

##### Supplementary Material:

#### Functions of Specialists

.10 Regular specialists.—Any member who expects to act regularly as specialist in any listed stock and to solicit orders therein must be registered as a regular specialist.

\* \* \* \* \*

(5)(i) Transactions on the Exchange by a specialist for [his] *the specialist's* [own] account [of a member acting as specialist] are to be effected in a reasonable and orderly manner in relation to the condition of the general market, the market in the particular stock and the adequacy of the specialist's position to the immediate and reasonably anticipated needs of the round-lot and the odd-lot market.

(a) The following types of transactions [to establish or increase a position are not to be effected except] *are permitted* when they are reasonably necessary to render the specialist's position adequate to such *markets'* needs:

#### (I) Neutral Transactions

(a) Definition—A neutral transaction is a purchase or sale by which a specialist liquidates or decreases a position.

(b) Neutral Transactions may be made without restriction as to price.

(c) Re-Entry Obligation Following Neutral Transactions—The specialist's obligation to maintain a fair and orderly market may require re-entry on the opposite side of the market trend after effecting one or more Neutral Transactions. Such re-entry transactions should be in accordance with the immediate and anticipated needs of the market.

(d) Neutral Transactions must yield parity to, and may not claim precedence based on size over, a customer order in the Crowd upon the request of the member representing such order, where such request has been documented as a term of the order, to the extent of the volume of such order that has been included in the quote prior to the transaction.

(e) The requirements contained in (5)(i)(a)(I)(d) above shall not apply to automatic executions involving the specialist dealer account.

#### (II) Non-Conditional Transactions

(a) Definition—A non-conditional transaction is a specialist's bid or purchase and offer or sale, that establishes or increases a position, other than a transaction that reaches across the market to trade with the Exchange bid or offer.

(b) Non-Conditional Transactions may be made without restriction as to price in order to:

(i) Match another market's better bid or offer price;

(ii) Bring the price of a security into parity with an underlying or related security or asset;

(iii) Add size to an independently established bid or offer on the Exchange;

(iv) Purchase at the published bid price on the Exchange;

(v) Sell at the published offer price on the Exchange;

(vi) Purchase or sell at a price between the Exchange published bid and published offer;

(vii) Purchase below the published bid or sell above the published offer on the Exchange;

(c) Re-entry Obligation Following Non-Conditional Transactions—The specialist's obligation to maintain a fair and orderly market may require re-entry on the opposite side of the market trend after effecting one or more Non-Conditional Transactions. Such re-entry transactions should be commensurate with the size of the Non-Conditional