

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

The Exchange has not solicited or received any comments on this proposed rule change.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and Rule 19b-4(f)(6) thereunder.<sup>13</sup>

At any time within 60 days of the filing of the 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-ISE-2007-30 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-ISE-2007-30. 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 ISE.

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-ISE-2007-30 and should be submitted on or before July 10, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-55896; File No. SR-NYSEArca-2007-50]

**Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto Relating to the Establishment of Primary Sweep Orders**

June 11, 2007.

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 May 25, 2007, NYSE Arca, Inc. ("NYSE Arca" or "Exchange"), through its wholly owned subsidiary, NYSE Arca Equities, Inc. ("NYSE Arca Equities" or

"Corporation") 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 the Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder, which renders it effective upon filing with the Commission.<sup>4</sup> On June 4, 2007, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>5</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Exchange is proposing to amend its rules in order to add a new order type known as the Primary Sweep Order ("PSO"). The changes described in this rule proposal would add a new Exchange Rule 7.31(kk). The text of the proposed rule change is available at the Exchange, the Commission's Public Reference Room, and <http://www.nyse.com>.

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

In its filing with the Commission, the NYSE Arca 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 Exchange has prepared summaries set forth in Sections A, B, and C below of the most significant aspects of such statements.

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

1. Purpose

In order to provide additional flexibility and increased functionality to its system and its Users,<sup>6</sup> the Exchange proposes to add a new and complimentary variation to an existing order type. The existing order type, the Primary Only Order ("PO Order"), is a market or limit order that is routed to the primary, listing market, without

<sup>1</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>2</sup> 17 CFR 240.19b-4(f)(6).

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

<sup>4</sup> See NYSE Arca Equities Rule 1.1(yy) for the definition of "User."

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6). 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. The Commission notes that ISE has satisfied the five-day pre-filing notice requirement.

<sup>14</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.

sweeping the NYSE Arca book.<sup>7</sup> The new corollary to this order type, the PSO, will sweep the NYSE Arca book prior to being directed to the primary, listing market.

#### The PO Order

Presently, PO Orders are restricted to participation in the primary market opening and must be entered before 6:28 a.m. (Pacific Time), or a cut-off time as determined from time to time by the Corporation. In addition, these orders do not sweep the NYSE Arca book. In an effort to enhance order execution opportunities for its Users, the Exchange proposes adding a new variation on this order type that may be entered at any time and that first sweeps the NYSE Arca book.

#### PSO Features

The proposed PSO is a PO Order that may be entered at any time, and which first sweeps the NYSE Arca book.<sup>8</sup> After sweeping the book, the PSO (or any unexecuted portion thereof) shall be routed directly to the primary, listing market. If the order is not designated as immediate-or-cancel, the order is not returned to the book and remains at the venue routed to, until executed or cancelled. In addition, PSOs may be designated as intermarket sweep orders thereby providing the entering party the ability to trade-through any protected bid or offer (as defined in Rule 600(b) of Regulation NMS under the Act)<sup>9</sup> and execute first at NYSE Arca and then at the primary, listing market. Of course, a broker-dealer that designates an order as an ISO has the responsibility of complying with Rules 610 and 611 of Regulation NMS.<sup>10</sup>

The Exchange believes that the addition of the proposed order type, as a variation of the existing PO Order, will enhance flexibility and order execution opportunities for its Users. The Exchange also believes that the proposed PSO will also allow its Users to comply with their obligation to avoid trading through any protected bid or offer within the meaning of Rule 600(b) of Regulation NMS.

#### 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the

Act,<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5)<sup>12</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 foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system.

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

The Exchange does not believe that the proposed rule change will 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 has neither solicited nor received written comments on the proposed rule change.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)<sup>13</sup> and Rule 19b-4(f)(6) thereunder.<sup>14</sup> At any time within 60 days of the filing of the 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.<sup>15</sup>

NYSE Arca has asked the Commission to waive the 30-day operative delay. The Commission believes such a waiver is consistent with the protection of investors and the public interest because it would permit the Exchange to codify the proposed order type, the PSO, which represents an expansion of

an existing order type, the PO Order, without further delay.<sup>16</sup> For this reason, the Commission designates the proposal to be operative upon filing with the Commission.

#### 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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2007-50 on the subject line.

##### Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2007-50. 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 will also be available for inspection and copying at the principal office of the NYSE Arca. 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

<sup>7</sup> See NYSE Arca Equities Rule 7.31(x) for the definition of "PO Order."

<sup>8</sup> Users would be able to enter PSOs into the system for execution during any of the Exchange's trading sessions (Opening, Core and Late Sessions). Users also would be able to designate a PSO to participate in any of the Exchange's auctions (Opening, Market Order and Closing Auctions).

<sup>9</sup> 17 CFR 242.600(b).

<sup>10</sup> 17 CFR 242.610 and 17 CFR 242.611, respectively.

<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

<sup>15</sup> For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposal, the Commission considers the period to commence on June 4, 2007, the date on which the Exchange submitted Amendment No. 1.

<sup>16</sup> For purposes only of waiving the 30-day pre-operative period, the Commission has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

SR-NYSEArca-2007-50 and should be submitted on or before July 10, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55898; File No. SR-Phlx-2007-16]

### Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing of a Proposed Rule Change Relating to Rules Pertaining to Training Requirements and Floor Procedure Advices

June 12, 2007.

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 May 25, 2007, the Philadelphia Stock Exchange, Inc. (“Phlx” 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 substantially prepared by the Exchange. 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 Substance of the Proposed Rule Change

The Phlx proposes to amend: (a) Rule 625, Training; (b) Equity Floor Procedure Advices and Order & Decorum Regulations (“EFPA”), F-30 Training; and (c) Options Floor Procedure Advices and Order & Decorum Regulations (“OFPA”), F-30 Options Trading Floor Training, to clarify and expand the Exchange’s training requirements. The Exchange also proposes to update the language in Rule 970, Floor Procedure Advices: Violations, Penalties and Procedures, to delete the reference to the now-obsolete Market Surveillance Department and to provide that any authorized official of the Exchange may sign a citation for a floor procedure advice violation.

The text of the proposed rule change is available on Phlx’s Web site at <http://www.phlx.com>, at the Phlx’s

principal office, and at the Commission’s Public Reference Room.

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

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

Currently, Rule 625 and EFPA F-30 and OFPA F-30 set forth the provisions relating to mandatory training. The Exchange currently requires and conducts mandatory training sessions at various times throughout the year.<sup>3</sup> The purpose of this proposal is to expand the category of individuals who are required to attend the mandatory training sessions and the training topics that will be covered and to specifically set forth the mandatory training requirements, which will take place on at least a semi-annual basis, for floor members. Mandatory training should provide a means for keeping members and persons employed by or associated with such members or member organizations, and Participant Authorized Users (“PAUs”), up-to-date with, among other things, current rules and regulations and trading-related Exchange systems.

The Exchange also proposes to add the words “and thereafter” to EFPA F-30 to make the language in that fine schedule consistent with the language in the fine schedule in OFPA F-30 and, more specifically, to address how violations will be handled after the fourth violation on a three-year running calendar basis.

Finally, the Exchange proposes to update the language in Exchange Rule 970 to provide that any authorized official of the Exchange may sign a citation for a floor procedure advice violation. The Exchange restructured its

<sup>3</sup> Each time a member (including a floor member), person employed by or associated with such member or a member organization, or a PAU, fails to attend a mandatory training session, that missed training session will be deemed an “occurrence” as set forth on the EFPA F-30 and OFPA F-30 fine schedules.

surveillance department and no longer has a department titled “Market Surveillance Department.” Therefore, amending Rule 970 will delete the reference to the now-obsolete Market Surveillance Department and will allow any authorized Exchange officials to issue citations for violations of floor procedure advices.<sup>4</sup> This should, in turn, promote efficiency in connection with the issuance of citations. Administration of the citation process will continue to be centralized so that citation issuance, payments, and appeals are tracked and managed consistently.

###### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>5</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>6</sup> in particular, in that it is designed to prevent fraudulent and manipulative practices, 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.

Expanding the Exchange’s current mandatory training program should provide a means for keeping members and persons employed by or associated with such members or member organizations, and PAUs, up-to-date with, among other things, current rules and regulations and trading-related Exchange systems. Additionally, updating the language in Exchange Rule 970 should promote efficiency in connection with the issuance of citations.

##### 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 not necessary or appropriate in furtherance of the purposes of the Act.

<sup>4</sup> Since the restructuring of the Exchange’s surveillance department, which rendered the Market Surveillance Department obsolete, almost all of the citations for violations of floor procedure advices have been issued by authorized officials from the Exchange’s Regulatory Group. The Exchange’s Regulatory Group is comprised in part of individuals formerly in the Exchange’s Market Surveillance Department. Telephone call between Cynthia Hoekstra, Vice President and Counsel, Exchange, and Kristie Diemer, Special Counsel, Division of Market Regulation, Commission, on June 11, 2007.

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>17</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.