

Exchange, LLC (“ISE” 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 ISE is proposing to amend its Schedule of Fees to extend a fee waiver related to the ISE Stock Exchange (“ISE Stock”). The text of the proposed rule change is available at <http://www.iseoptions.com> and 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 Exchange 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 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

The purpose of this proposed rule change is to extend a fee waiver related to the trading of equity securities on ISE Stock, a facility of the Exchange. The Exchange currently waives all execution fees in an effort to promote trading on ISE Stock.³ The fee waiver is scheduled to expire on April 1, 2007.⁴ In an effort to continue the promotion of ISE Stock, the Exchange proposes to extend the waiver of all execution fees until May 1, 2007.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(4)⁵ that the Exchange provide for the equitable allocation of reasonable dues, fees, and

other charges among its members and issuers and other persons using its facilities.

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

The Exchange believes that the proposed rule change does not 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 not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

The foregoing proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act⁶ and Rule 19b-4(f)(2) thereunder,⁷ 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 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. Please include File Number SR-ISE-2007-23 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-ISE-2007-23. 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 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-2007-23 and should be submitted on or before April 26, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Florence E. Harmon,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55557; File No. SR-ISE-2006-78]

Self-Regulatory Organizations; International Securities Exchange, LLC; Order Granting Approval of Proposed Rule Change Relating to the Facilitation Mechanism

March 29, 2007.

On December 13, 2006, the International Securities Exchange, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

³ See Securities Exchange Act Release No. 54561 (October 2, 2006), 71 FR 59844 (October 11, 2006).

⁴ See Securities Exchange Act Release No. 55427 (March 8, 2007), 72 FR 12644 (March 16, 2007).

⁵ 15 U.S.C. 78f(b)(4).

⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

⁷ 17 CFR 240.19b-4(f)(2).

⁸ 17 CFR 200.30-3(a)(12).

("Act"),¹ and Rule 19b-4 thereunder,² to amend ISE Rule 716(d) to allow an Electronic Access Member ("EAM") to execute a transaction through the Exchange's Facilitation Mechanism wherein the EAM has solicited interest from other parties to execute against a block-sized order it represents as agent, in addition to facilitating such orders with orders from the EAM's proprietary account. The proposed rule change was published for comment in the **Federal Register** on February 12, 2007.³ The Commission received no comments on the proposal. This order approves 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 applicable to a national securities exchange⁴ and, in particular, the requirements of Section 6(b)(5) of the Act.⁵ Specifically, the Commission believes that the proposed rule change is consistent with the Act because it is a reasonable modification designed to provide additional flexibility for the Exchange's members to obtain block-sized executions on behalf of their customers. The Commission notes that Supplementary Material .01 to ISE Rule 716 provides that the use of the Facilitation Mechanism does not alter a member's best execution duty to obtain the best price for its customer. The Commission also notes that Supplementary Material .05 to ISE Rule 716 requires that any solicited contra orders entered by Exchange members to trade against agency orders may not be for the account of an ISE market maker that is assigned to the options class.⁶

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change (SR-ISE-2006-78) be, and hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55559; File No. SR-NYSE-2005-03]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Amendment No. 3 to and Order Granting Accelerated Approval of Proposed Rule Change, as Amended Related to Exchange Rule 325 (Capital Requirements for Member Organizations) and Rule 326 (Growth Capital Requirement, Business Reduction Capital Requirement, Unsecured Loans and Advances)

March 29, 2007.

I. Introduction

On January 5, 2005, the New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission ("SEC" or the "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Exchange Act"),¹ and Rule 19b-4 thereunder,² the proposed rule change relating to Exchange Rules 325 and 326. The NYSE filed Amendment No. 1 to the proposed rule change on February 13, 2006. The NYSE filed Amendment No. 2 to the proposed rule change on March 17, 2006.³ The proposed rule change was published in the **Federal Register** on August 8, 2006.⁴ The Commission received one comment on the proposal.⁵ On February 1, 2007, the Exchange filed Amendment No. 3 to the proposed rule change.⁶

¹ 17 CFR 200.30-3(a)(12).

² 15 U.S.C. 78s(b)(1).

³ 17 CFR 240.19b-4.

⁴ In Partial Amendment No. 2 ("Amendment No. 2"), the Exchange clarified the application of proposed amendments to NYSE Rule 326 to make explicit the ability of the Exchange to restrict the growth or business of a member organization, respectively, when its tentative net capital declines below the early warning notification amount required by the Exchange Act Rule 15c3-1(a)(7)(ii).

⁵ Exchange Act Release No. 54255 (July 31, 2006), 71 FR 45086 (August 8, 2006).

⁶ See Partial Amendment No. 3 dated February 1, 2007 ("Amendment No. 3"). Amendment No. 3 proposed amended language to Rules 325 and 326 to add an early warning notification more restrictive than Commission/CFTC requirements. The text of Amendment No. 3 is available at the NYSE, the

This order provides notice of Amendment No. 3 to the proposed rule change and approves the proposed rule change as amended on an accelerated basis.

II. Description of the Proposal

The proposed rule change consists of amendments to Rule 325 and Rule 326 to reflect Commission amendments under the Exchange Act, including amendments to Exchange Act Rule 15c3-1 that established an alternative method of computing net capital for broker-dealers, and to reflect amendments to Commodity Futures Trading Commission rules ("CFTC") under the Commodities Exchange Act⁷ with respect to minimum net capital requirements for futures commission merchants.⁸

The Commission's net capital rule, Exchange Act Rule 15c3-1, imposes minimum financial requirements on broker-dealers.⁹ To help insure that broker-dealers maintain sufficient liquid assets to satisfy promptly the claims of customers and cover potential market and credit risks, the net capital rule requires broker-dealers to maintain different minimum levels of capital based upon the nature of their business and whether they handle customer funds or securities.

On June 8, 2004, the Commission adopted rule amendments under the Exchange Act, including amendments to Exchange Act Rule 15c3-1, that established a voluntary, alternative method of computing net capital for certain large broker-dealers that are part of consolidated supervised groups referred to as consolidated supervised entities ("CSEs").¹⁰ Under the Commission amendments, a broker-dealer may use this alternative method only if its ultimate holding company agrees to compute group-wide allowable capital and allowances for market, credit, and operational risk in accordance with the standards adopted by the Basel Committee on Banking Supervision, and consents to group-wide Commission supervision. The alternative method of computing net capital permits a broker-dealer to use

Commission's Public Reference Room, and <http://www.nyse.com>.

⁷ 7 U.S.C. 1 et seq.

⁸ The CFTC rules became effective on September 30, 2004. See 69 FR 49784 (Aug. 12, 2004). The Commission also recently proposed amendments to Exchange Act Rule 15c3-1 and Rule 17a-11 to conform provisions of its net capital rule to the CFTC amendments. See Exchange Act Release No. 54575 (October 5, 2006), 71 FR 60636 (October 13, 2006).

⁹ 17 CFR 240.15c3-1.

¹⁰ Exchange Act Release No. 49830 (June 8, 2004), 69 FR 34425 (June 21, 2004).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 55236 (February 2, 2007), 72 FR 6633.

⁴ 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).

⁵ 15 U.S.C. 78f(b)(5).

⁶ The Exchange confirmed that, in addition to orders solicited pursuant to paragraph (e) of ISE Rule 716, the last sentence of Supplement .05 to ISE Rule 716 also applies to orders solicited pursuant to paragraph (d) of ISE Rule 716. Telephone conversation on March 28, 2007 between Joseph Ferraro, Associate General Counsel, ISE and Jennifer Dodd, Special Counsel, Division of Market Regulation, Commission.

⁷ 15 U.S.C. 78s(b)(2).