

with Section 6(b)(4)<sup>9</sup> of the Act requiring exchanges to have rules that provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities, and Section 6(b)(5)<sup>10</sup> of the Act requiring exchanges to have rules designed to protect investors and the public interest.

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

The NYSE 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 NYSE 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**

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 the self-regulatory organization consents, the Commission will:

(A) By order approve the proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

### **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. The proposed rule change, as amended, is based on, but not identical to, the Uniform Code of Arbitration ("SICA Uniform Code") adopted by the Securities Industry Conference on Arbitration ("SICA").

The Commission requests comments on the differences between the NYSE proposal and the SICA Uniform Code. In particular, under SICA Uniform Code Section 16(a), one arbitrator hears claims up to \$100,000; whereas the NYSE proposes that one arbitrator would hear claims not exceeding \$200,000. Should NYSE's proposed rule

be consistent with the SICA Uniform Code and only permit matters to be resolved by one arbitrator if they involve claims of \$100,000 or less? In the alternative, should customers or non-members be able to request one arbitrator for claims exceeding \$200,000? In addition, the SICA Uniform Code does not contain provisions similar to the amendments proposed to NYSE Rules 601(d)(2) and 612(c)(1), as discussed above

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-NYSE-2006-61 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-NYSE-2006-61. 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 NYSE. 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-NYSE-2006-61 and should be submitted on or before January 19, 2007.

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

**Florence E. Harmon,**

*Deputy Secretary.*

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### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-54997; File No. SR-NYSEArca-2006-77]

#### **Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Reflect the Trading Sessions and Trading Halt Procedures for Certain Securities Trading on NYSE Arca, LLC**

December 21, 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 20, 2006, NYSE Arca, Inc. ("NYSE Arca" or "Exchange") through its wholly owned subsidiary NYSE Arca Equities, Inc. ("NYSE Arca Equities"), filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been substantially prepared by the Exchange. The Exchange filed the proposal pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission.

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

The Exchange, through NYSE Arca Equities, is proposing to amend NYSE Arca Equities Rule 7.34 to reflect the trading sessions during which certain securities are eligible to trade on NYSE Arca, LLC ("NYSE Arca Marketplace"), the equities facility of NYSE Arca Equities, and to provide that the Exchange shall maintain a list on its Internet Web site that identifies all securities traded on the NYSE Arca Marketplace that do not trade for the duration of each of the three trading sessions specified in this rule. The text of the proposed rule change is available on the Exchange's Web site (<http://www.nysearca.com/regulations/rules>),

<sup>11</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> 15 U.S.C. 78s(b)(3)(A).

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

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

<sup>10</sup> 15 U.S.C. 78f(b)(5).

at the principal office of the Exchange, 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 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 III 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

NYSE Arca Equities Rule 7.34 currently provides, in part, that the NYSE Arca Marketplace shall have three trading sessions each day: an Opening Session (1 a.m. Pacific Time to 6:30 a.m. Pacific Time), a Core Trading Session (6:30 a.m. Pacific Time to 1 p.m. Pacific Time), and a Late Trading Session (1 p.m. Pacific Time to 5 p.m. Pacific Time), and that the Core Trading Session for Exchange Traded Funds defined in NYSE Arca Equities Rules 5.1(b)(13), 5.2(j)(3), and 8.100 shall conclude at 1:15 p.m. Pacific Time.<sup>5</sup>

This filing proposes that the Core Trading Session, for the securities described in NYSE Arca Equities Rules, 8.200, 8.201, 8.202, 8.203, and 8.300 shall conclude at 1:15 p.m. Pacific Time to reflect the recent adoption of these rules.<sup>6</sup> This is in addition to securities described in NYSE Arca Equities Rules 5.1(b)(13), 5.2(j)(3), and 8.100. In addition, this filing proposes to add securities described in NYSE Arca Equities Rule 5.1(b)(18) (defining "Exchange-Traded Funds") to securities traded in the Core Trading Session.

The Exchange also proposes to include in Rule 7.34 a list of those securities which are eligible to trade in one or more, but not all three, of these trading sessions, and to maintain on its Internet Web site (<http://>

[www.nysearca.com](http://www.nysearca.com)) a list that identifies all securities traded on the NYSE Arca Marketplace that do not trade for the duration of each of the three sessions specified in Rule 7.34.<sup>7</sup> The purpose of this proposed rule change is to provide transparency with respect to the trading hours eligibility of certain derivative securities products.

Finally, the Exchange proposes to add trading halt procedures applicable to trading the securities described in NYSE Arca Equities Rules 5.1(b)(13), 5.1(b)(18), 5.2(j)(3), 8.100, 8.200, 8.201, 8.202, 8.203, and 8.300 (each referred to in proposed Rule 7.34 as "Derivative Securities Product") on an unlisted trading privileges ("UTP") basis in the Opening, Core, and Late Trading Sessions.

The proposed amendment to Rule 7.34 provides that, in the Opening Session, if a Derivative Securities Product begins UTP trading on the NYSE Arca Marketplace in the Opening Session and subsequently a temporary interruption occurs in the calculation or wide dissemination of the Intraday Indicative Value ("IIV") or the value of the underlying index, as applicable, to such product, by a major market data vendor, NYSE Arca may continue to trade such product for the remainder of the Opening Session.

During the Core Trading Session, if a temporary interruption occurs in the calculation or wide dissemination of the applicable IIV or value of the underlying index by a major market data vendor and the listing market halts trading in the product, NYSE Arca, upon notification by the listing market of such halt due to such temporary interruption, also shall immediately halt trading in the Derivative Securities Product on the NYSE Arca Marketplace.

If the IIV or the value of the underlying index continues not to be calculated or widely available after the close of the Core Trading Session, NYSE Arca may trade the Derivative Securities Product in the Late Trading Session only if the listing market traded such securities until the close of its regular trading session without a halt. Finally, if the IIV or the value of the underlying index continues not to be calculated or widely available as of the commencement of the Opening Session on the next business day, NYSE Arca shall not commence trading of the Derivative Securities Product in the Opening Session that day. If an interruption in the calculation or wide

dissemination of the IIV or the value of the underlying index continues, NYSE Arca may resume trading in the product only if calculation and wide dissemination of the IIV or the value of the underlying index resumes or trading in the product resumes in the listing market.

#### 2. Statutory Basis

The proposal is consistent with Section 6(b) of the Act<sup>8</sup> in general and Section 6(b)(5) of the Act<sup>9</sup> in particular in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market, and 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 that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments on the proposed rule change were neither solicited nor received.

## 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>10</sup> and Rule 19b-4(f)(6) thereunder.<sup>11</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,

<sup>5</sup> NYSE Arca Equities Rules 5.1(b)(13), 5.2(j)(3), and 8.100 relate to Unit Investment Trusts, Investment Company Units, and Portfolio Depositary Receipts, respectively.

<sup>6</sup> NYSE Arca Equities Rules 8.200, 8.201, 8.202, 8.203, and 8.300 relate to Trust Issued Receipts, Commodity-Based Trust Shares, Currency Trust Shares, Commodity Index Trust Shares, and Partnership Units, respectively.

<sup>7</sup> The Exchange currently disseminates on <http://www.nysearca.com> a list of derivative securities products that trade only in the Core Trading Session and those that also trade in the Opening Session and/or the Late Trading Session.

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

<sup>9</sup> 15 U.S.C. 78s(b)(5).

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

<sup>11</sup> 17 CFR 240.19b-4(f)(6).

or otherwise in furtherance of the purposes of the Act.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>12</sup> normally does not become operative prior to 30 days after the date of filing. However, pursuant to Rule 19b-4(f)(6)(iii), the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay.<sup>13</sup> The Commission believes that such waiver is consistent with the protection of investors and the public interest because the proposed rule change should provide transparency and more clarity with respect to the trading hours eligibility of certain derivative securities products and should promote consistency in the trading halts of derivative securities. For these reasons, the Commission designates the proposed rule change as operative immediately.<sup>14</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 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-2006-77 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-2006-77. 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 offices of the Exchange. 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-NYSEArca-2006-77 and should be submitted on or before January 19, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>15</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55002; File No. SR-NYSEArca-2006-32]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Trade Various iShares® MSCI Index Funds Pursuant to Unlisted Trading Privileges

December 21, 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 October 18, 2006, NYSE Arca, Inc. ("NYSE Arca" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been substantially prepared by the Exchange. The Commission is publishing this notice and order to solicit comments on

the proposed rule change from interested persons and to approve the proposed rule change on an accelerated basis.

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

The Exchange, through its wholly owned subsidiary NYSE Arca Equities, Inc. ("NYSE Arca Equities"), proposes to trade shares ("Shares") of the following Index Funds ("Funds") pursuant to unlisted trading privileges ("UTP") based on NYSE Arca Rule 5.2(j)(3):

- iShares MSCI Brazil (Symbol: EWZ)
- iShares MSCI South Africa (EZA)
- iShares MSCI South Korea (EWY)
- iShares MSCI Taiwan (EWT)

The text of the proposed rule change is available on the Exchange's Web site (<http://www.nysearca.com>), at the principal office of the Exchange, 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 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 III 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 Exchange is proposing to trade the Shares of the Funds pursuant to UTP. Each Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the applicable underlying index ("Index"). Each Index is calculated by Morgan Stanley Capital Investment ("MSCI") for each trading day based on official closing prices of the Index components in the applicable foreign markets. Each Index consists of stocks traded primarily on the respective country's stock exchange. Each Fund utilizes a passive or indexing investment approach, which attempts to approximate the investment performance of its benchmark index through quantitative analytical

<sup>12</sup> *Id.*

<sup>13</sup> 17 CFR 240.19b-4(f)(6)(iii). In addition, Rule 19b-4(f)(6) requires an exchange to give 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 days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Commission has determined to waive the five-day pre-filing notice requirement in this case.

<sup>14</sup> For purposes only of accelerating the operative date of this proposal, the Commission has considered the rule's impact on efficiency, competition and capital formation. See 15 U.S.C. 78c(f).

<sup>15</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.