

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54922; File No. SR-CHX-2006-36]

Self Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Participant Fees and Credits

December 12, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 16, 2006, the Chicago Stock Exchange, Inc. (“CHX” 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 CHX. The Exchange has filed this proposal pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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 CHX proposes to amend its Schedule of Participant Fees and Credits (the “Fee Schedule”) to include a fee for receiving orders routed through the CHX communications or routing functionality. The text of this proposed rule change is available on the Exchange’s Web site (http://www.chx.com/rules/proposed_rules.htm) at the Exchange’s Office of the Secretary, 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 CHX included statements concerning the purpose of and basis for the proposed rule changes and discussed any comments it received regarding the proposal. The text of these statements may be examined at the places specified in Item IV below. The CHX 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 Changes

1. Purpose

As part of the Exchange’s new trading model, the Exchange proposes to operate a neutral communications service that allows its participants to route orders to any destination connected to the CHX’s network. This service would allow participants to route orders to market makers or other broker-dealers connected to the CHX’s network, which provide order handling and execution services in the over-the-counter market; and to other destinations (including order-routing vendors) that are connected to the CHX’s network.⁵ (To the extent that this service routes orders to destinations other than the Exchange and its institutional brokers, it is called the Exchange’s “wide area network” or “WAN”). The WAN would not effect trade executions and would not report trades to “the tape.” The WAN would be a facility of the Exchange.

This proposal would establish a \$5,000 monthly fee for any participant that receives orders through the WAN. The monthly fee would be prorated in the month that a participant first begins using the service, based on the participant’s first date of use. The fee would not be assessed until January 1, 2007, to allow the full implementation of the Exchange’s new trading model to be completed before the fee is put into effect.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act⁶ in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members who might seek to receive orders using the WAN service.

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

The Exchange does not believe that the proposed rule changes 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 Changes Received From Members, Participants or Others

No written comments were either solicited or received.

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

Because the foregoing rule change establishes or changes a due, fee or other charge applicable only to a member,⁷ it therefore has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(2) thereunder.⁹ At any time within 60 days of the filing of such 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 purpose of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal 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. Please include File Number SR-CHX-2006-36 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 No. SR-CHX-2006-36. 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ Participants would also use this communications service to route orders to the Exchange’s matching System and to its institutional brokers.

⁶ 15 U.S.C. 78(f)(b)(4).

⁷ Under Article I, Rule 1(t) of the Exchange’s rules, an Exchange “participant” is considered a “member” for all purposes under the Act.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(2).

change that are filed with the Commission, and all written communications relating to the proposed rule changes 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 CHX. 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 No. SR-CHX-2006-36 and should be submitted on or before January 10, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E6-21655 Filed 12-19-06; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54927; File No. SR-DTC-2006-07]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of a Proposed Rule Change Relating to the Wind-Down of a Participant

December 13, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on March 28, 2006, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") and on September 29, 2006, amended the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by DTC. 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 proposed rule change would add a new Rule 32, Wind Down of a Participant,² to DTC's Rules to address

a situation where a participant notifies DTC that it intends to wind down its activities and DTC determines in its discretion that it must take special action in order to protect itself and its participants.³

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

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.⁴

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

The proposed rule change would allow DTC to make a determination that a participant is a wind-down participant and would set forth the conditions DTC using its discretion could place on a wind-down participant and the actions DTC using its discretion could take with respect to a wind-down participant to protect itself and its participants. Such actions would include restricting or modifying the wind-down participant's use of any or all of DTC's services and requiring the wind-down participant to post increased participants fund deposits. DTC would retain all of its other rights set forth in its rules and participant agreements, including the right to cease to act for the wind-down participant.

DTC believes that the proposed rule will ensure that it has the needed flexibility to appropriately manage the risks presented by an entity in crisis that remains a participant of DTC. This is particularly important to preserve orderly settlement in the marketplace and to minimize the risk of loss to DTC and its participants. The proposed rule summarizes in a single rule DTC's rights and the actions it may take in such a situation. These rights and actions are either permitted elsewhere in DTC's rules or are permitted pursuant to DTC's emergency authority. By summarizing them in a single rule, however, the proposed rule change should provide

³ Similar proposed rule changes have been filed by the Fixed Income Clearing Corporation [File No. SR-FICC-2006-05] and the National Securities Clearing Corporation [File No. SR-NSCC-2006-05].

⁴ The Commission has modified parts of these statements.

clarity and a clear legal basis for DTC's rights or actions taken with respect to a wind-down participant. DTC also believes that the proposed rule is designed to minimize the need for rule waivers.

DTC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder because it is designed to enhance DTC's rules regarding DTC's rights and the actions it may take with respect to a wind-down of a participant that presents risk to DTC.

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

DTC does not believe that the proposed rule change would have any impact or impose any burden on competition.

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

Written comments relating to the proposed rule change have not yet been solicited or received. DTC will notify the Commission of any written comments received by DTC.

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 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-DTC-2006-07 on the subject line.

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The text of DTC's proposed Rule 32 can be found DTC's Web site at <http://www.dtc.org>.