

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54988; File No. S7-24-89]

Joint Industry Plan; Solicitation of Comments and Order Granting Temporary Summary Effectiveness to Request to Extend the Operation of the Reporting Plan for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, Submitted by the American Stock Exchange LLC, the Boston Stock Exchange, Inc., the Chicago Stock Exchange, Inc., the Chicago Board Options Exchange, Incorporated, the International Securities Exchange, Inc., the National Association of Securities Dealers, Inc., the National Stock Exchange, Inc., the Nasdaq Stock Market LLC, NYSE Arca, Inc., and the Philadelphia Stock Exchange, Inc., and to Request Permanent Approval of the Plan

December 20, 2006.

I. Introduction and Description

On December 12, 2006, NYSE Arca, Inc. ("NYSEArca"), on behalf of itself and the American Stock Exchange LLC ("Amex"), the Boston Stock Exchange, Inc. ("BSE"), the Chicago Stock Exchange, Inc. ("CHX"), the Chicago Board Options Exchange, Incorporated ("CBOE"), the International Securities Exchange, Inc. ("ISE"), the National Association of Securities Dealers, Inc. ("NASD"), the National Stock Exchange, Inc. ("NSX"), the Nasdaq Stock Market LLC ("Nasdaq"), and the Philadelphia Stock Exchange, Inc. ("Phlx") (hereinafter referred to collectively as "Participants"),¹ as members of the operating committee ("Operating Committee" or "Committee") of the Plan submitted to the Securities and Exchange Commission ("Commission") a request to extend the operation of the Plan, along with a request for permanent approval of the Plan.²

The Nasdaq UTP Plan governs the collection, processing, and dissemination on a consolidated basis of quotation and last sale information for Nasdaq-listed securities for each of its Participants. This consolidated

information informs investors of the current quotation and recent trade prices of Nasdaq securities. It enables investors to ascertain from one data source the current prices in all the markets trading Nasdaq securities. The Plan serves as the required transaction reporting plan for its Participants, which is a prerequisite for their trading Nasdaq securities.³

This order grants summary effectiveness, pursuant to Rule 608(b)(4) under the Securities Exchange Act of 1934 ("Act"),⁴ to the request to extend operation of the Plan, as modified by all changes previously approved ("Date Extension"). Pursuant to Rule 608(b)(4) under the Act,⁵ the Date Extension will be effective upon publication in the *Federal Register* on temporary basis for 120 days from the date of publication.⁶

II. Discussion

The Commission finds that extending the operation of the Plan is consistent with the requirements of the Act and the rules and regulations thereunder, and, in particular, Section 12(f)⁷ and Section 11A(a)(1)⁸ of the Act and Rules 601 and 608 thereunder.⁹ Section 11A of the Act directs the Commission to facilitate the development of a national market system for securities, "having due regard for the public interest, the protection of investors, and the maintenance of fair and orderly markets," and cites as an objective of that system the "fair competition . . . between exchange markets and markets other than exchange markets."¹⁰ When the Commission first approved the Plan on a pilot basis, it found that the Plan "should enhance market efficiency and fair competition, avoid investor confusion, and facilitate surveillance of concurrent exchange and OTC trading."¹¹ The Plan has been in existence since 1990 and Participants

have been trading Nasdaq securities under the Plan since 1993.

The Commission finds that extending the operation of the Plan through summary effectiveness furthers the goals described above by preventing the lapse of the sole effective transaction reporting plan for Nasdaq securities traded by exchanges pursuant to unlisted trading privileges. The Commission believes that the Plan is currently a critical component of the national market system and that the Plan's expiration would have a serious, detrimental impact on the further development of the national market system.

III. Solicitation of Comments

The Commission seeks general comments on the extension of the operation of the Plan, as well as the request for permanent approval of the Plan. 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 an e-mail to rule-comments@sec.gov. Please include File Number S7-24-89 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 S7-24-89. 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 written statements with respect to the Plan extension and the request for permanent approval of the Plan that are filed with the Commission, and all written communications relating to the Plan extension and the request for permanent approval of the Plan 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 the filing also will be

³ See Securities Exchange Act Release No. 52886 (December 5, 2005), 70 FR 74059 (December 14, 2005).

⁴ 17 CFR 242.608(b)(4).

⁵ 17 CFR 242.608(b)(4).

⁶ The Participants requested that the Commission extend the previously issued exemption from compliance with Section VI.C.1 of the Plan. However, this exemption is no longer necessary as Nasdaq is now a registered national securities exchange with respect to Nasdaq-listed securities.

⁷ 15 U.S.C. 78(f). Nasdaq became an exchange on January 13, 2006. See Securities Exchange Act Release No. 53128 (January 13, 2006), 71 FR 3550 (January 23, 2006). Therefore, unlisted trading privileges for Nasdaq securities are governed by Section 12(f)(1)(A)(i).

⁸ 15 U.S.C. 78k-1(a)(1).

⁹ 17 CFR 242.601 and 17 CFR 242.608.

¹⁰ 15 U.S.C. 78k-1(a).

¹¹ See Securities Exchange Act Release No. 28146 (June 26, 1990), 55 FR 27917 (July 6, 1990).

¹ NYSEArca is the chair of the operating committee ("Operating Committee" or "Committee") for the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis ("Nasdaq UTP Plan" or "Plan") by the Participants.

² See letter from Bridget M. Farrell, Chairman, OTC/UTP Operating Committee, to Nancy M. Morris, Secretary, Commission, dated December 12, 2006.

available for inspection and copying at the Office of the Secretary of the Committee, currently located at the NYSEArca, 100 South Wacker Drive, Suite 1800, Chicago, IL 60606. 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 S7-24-89 and should be submitted on or before January 18, 2007.

IV. Conclusion

It is therefore ordered, pursuant to Sections 12(f) and 11A of the Act¹² and paragraph (b)(4) of Rule 608 thereunder,¹³ that the operation of the Plan, as modified by all changes previously approved, be, and hereby is, extended, for a period of 120 days from the date of publication of this Date Extension in the **Federal Register**.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54971; File No. SR-ISE-2006-65]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fee Changes

December 20, 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 21, 2006, the International Securities Exchange, LLC ("Exchange" or "ISE") filed with the Securities and Exchange Commission the proposed rule change, as described in Items I, II, and III below, which items have been prepared by the Exchange. The ISE has designated this proposal as one establishing or changing a due, fee, or other charge imposed by the CBOE under Section 19(b)(3)(A)(ii) of the Act,³ 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 ISE is proposing to amend its Schedule of Fees to establish fees for transactions in options on 3 Premium Products.⁵ The text of the proposed rule change is available on the ISE's Web site (<http://www.iseoptions.com>), at the principal office of the ISE, 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 ISE 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 ISE 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 amend its Schedule of Fees to establish fees for transactions in options on the following 3 Premium Products: streetTRACKS KBW Bank ETF ("KBE"), streetTRACKS KBW Capital Markets ETF ("KCE"), and streetTRACKS KBW Insurance ETF ("KIE").⁶ Specifically, the Exchange is

¹ 17 CFR 240.19b-4(f)(2).

⁵ Premium Products is defined in the Schedule of Fees as the products enumerated therein.

⁶ The "KBW Bank IndexSM", the "KBW Capital Markets IndexSM", the "KBW Insurance IndexSM," "KBW" and "Keefe, Bruyette & WoodSM" are service marks of Keefe, Bruyette & Woods, Inc.SM, and have been licensed for use by State Street bank and Trust in connection with the listing and trading of KBE, KCE, and KIE on the American Stock Exchange. KBE, KCE and KIE are not sponsored, sold or endorsed by Keefe, Bruyette & Woods, Inc. and Keefe, Bruyette & Woods, Inc. makes no representation regarding the advisability of investing in KBE, KCE and KIE. Keefe, Bruyette & Woods, Inc. has not licensed or authorized ISE to (i) engage in the creation, listing, provision of a market for trading, marketing, and promotion of options on KBE, KCE and KIE or (ii) to use and refer to any of their trademarks or service marks in connection with the listing, provision of a market for trading, marketing, and promotion of options on KBE, KCE and KIE or with making disclosures concerning options on KBE, KCE and KIE under any

proposing to adopt an execution fee and a comparison fee for all transactions in options on KBE, KCE and KIE.⁷ The amount of the execution fee and comparison fee for products covered by this filing would be \$0.15 and \$0.03 per contract, respectively, for all Public Customer Orders⁸ and Firm Proprietary orders. The amount of the execution fee and comparison fee for all ISE Market Maker transactions would be equal to the execution fee and comparison fee currently charged by the Exchange for ISE Market Maker transactions in equity options.⁹ Finally, the amount of the execution fee and comparison fee for all non-ISE Market Maker transactions would be \$0.16 and \$0.03 per contract, respectively. All of the applicable fees covered by this filing are identical to fees charged by the Exchange for all other Premium Products. The Exchange believes the proposed rule change will further the Exchange's goal of introducing new products to the marketplace that are competitively priced.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirement of Section 6(b)(4) of the Act¹⁰ that an exchange have an equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities.

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

The ISE does not believe that the proposed rule change will impose any inappropriate burden on competition.

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

No written comments were either solicited or received.

applicable federal or state laws, rules or regulations. Keefe, Bruyette & Woods, Inc. does not sponsor, endorse, or promote such activity by ISE and is not affiliated in any manner with ISE. KBE, KCE, and KIE constitute "Fund Shares," as defined by ISE Rule 502(h).

⁷ These fees will be charged only to Exchange members. Under a pilot program that is set to expire on July 31, 2007, these fees will also be charged to Linkage Orders (as defined in ISE Rule 1900).

⁸ Public Customer Order is defined in Exchange Rule 100(a)(33) as an order for the account of a Public Customer. Public Customer is defined in Exchange Rule 100(a)(32) as a person that is not a broker or dealer in securities.

⁹ The execution fee is currently between \$.21 and \$.12 per contract side, depending on the Exchange Average Daily Volume, and the comparison fee is currently \$.03 per contract side.

¹⁰ 15 U.S.C. 78f(b)(4).

¹² 15 U.S.C. 78l(f) and 15 U.S.C. 78k-1.

¹³ 17 CFR 242.608(b)(4).

¹⁴ 17 CFR 200.30-3(a)(27).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).