

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-545771; File No. SR-ISE-2006-56]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing of a Proposed Rule Change and Amendment No. 1 Relating to Customer Fees for Certain Complex Orders

October 4, 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 September 20, 2006, the International Securities Exchange, LLC (“Exchange” or “ISE”) 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 Exchange. The ISE filed Amendment No. 1 to the proposal on October 4, 2006.³ 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 proposes to amend its Schedule of Fees to adopt a customer fee for certain Complex Orders. The text of the proposed rule change is available on ISE’s Web site (<http://www.iseoptions.com>), at the principal office of 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 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 revises the text of the ISE’s Schedule of Fees to: (1) Explain when an order takes liquidity from the ISE’s complex order book; and (2) clarify that the proposed fee applies solely to Complex Orders that trade with other Complex Orders, and not to Complex Orders that trade with customer orders in the regular order book.

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 amend ISE’s Schedule of Fees to adopt a customer fee for certain Complex Orders.⁴ The Exchange currently waives transaction fees for customers, except for customer transactions in Premium Products.⁵ The Exchange has noted an increase in volume in certain customer order transactions in Complex Orders. According to the ISE, customers that use highly developed trading systems are quickly able to hit the bid or lift an offer, thereby taking liquidity, *i.e.*, interacting with Complex Orders resident on the complex order book. The Exchange thus proposes to charge an execution and comparison fee of \$0.15 and \$0.03 per contract, respectively, for customer orders that take liquidity to put them on a more equal footing with broker-dealer orders that are currently subject to this fee.

As with all Complex Order fees, only the largest leg of a Complex Order will be charged this fee if that leg is also taking liquidity away. The Exchange will not charge customers for Complex Orders if they are the liquidity provider, *i.e.*, they are first on the complex order book. The Exchange will determine which side of a complex order is the liquidity taker and which is the liquidity provider based on the order time. The order that arrived first on the complex order book is the liquidity provider. This fee will only apply to customer Complex Orders that trade with other Complex Orders. If a Complex Order legs into the regular market, customer orders in the regular market that interact with the Complex Order will not be charged with fee, nor will a fee be charged to the Complex Order legging in.

ISE believes that the proposed fee is objective in that it is based on the behavior of market participants and the type of orders submitted. As noted above, since the behavior of these customers is similar to the behavior of a broker-dealer, the ISE believes that it is fair for the Exchange to charge for these customer orders the same fees as those charged for broker-dealer orders.

2. Statutory Basis

The Exchange believes that the basis for the proposal under the Act is the

⁴ Complex Orders are defined in ISE Rule 722(a).

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

requirement under Section 6(b)(4) of the Act⁶ 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 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 written comments from members or other interested parties.

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 such 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 No. SR-ISE-2006-56 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.

⁶ 15 U.S.C. 78f(b)(4).

All submissions should refer to File Number SR-ISE-2006-56. 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-2006-56 and should be submitted on or before November 3, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

J. Lynn Taylor,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54569; File No. SR-NYSEArca-2006-64]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Relating to Trading Shares of the PowerShares DB G10 Currency Harvest Fund Pursuant to Unlisted Trading Privileges

October 4, 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 September 21, 2006, NYSE Arca, Inc. ("Exchange"), through its wholly owned

subsidiary NYSE Arca Equities, Inc. ("NYSE Arca Equities" or the "Corporation"), filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and is approving the proposal on an accelerated basis.

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

The Exchange is proposing to trade shares ("Shares") of the PowerShares DB G10 Currency Harvest Fund (the "Trust" or "Fund") pursuant to unlisted trading privileges ("UTP") under Commentary .02 to NYSE Arca Equities Rule 8.200.

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

Pursuant to Commentary .02 to NYSE Arca Equities Rule 8.200, the Exchange may approve for listing and trading trust issued receipts ("TIRs") investing in shares or securities ("Investment Shares") that hold investments in any combination of futures contracts, options on futures contracts, forward contracts, commodities, swaps or high credit quality short-term fixed income securities or other securities.³ The Commission previously approved a proposal to list and trade the Shares of

³ In April 2006, the Commission approved Commentary .02 to NYSE Arca Equities Rule 8.200, which sets forth the rules related to listing and trading criteria for Investment Shares, and approved trading pursuant to UTP the shares of the DB Commodity Index Tracking Fund. See Securities Exchange Act Release No. 53736 (April 27, 2006), 71 FR 26582 (May 5, 2006) (SR-PCX-2006-22).

the Fund⁴ by the American Stock Exchange LLC (the "Amex").⁵ The Exchange proposes to trade pursuant to UTP the Shares of the Fund pursuant to Commentary .02 to NYSE Arca Equities Rule 8.200.

The Shares represent beneficial ownership interests in the Fund's net assets, consisting solely of the common units of beneficial interests of the DB G10 Currency Harvest Master Fund (the "Master Fund"). The Master Fund is a statutory trust created under Delaware law whose investment portfolio will consist primarily of futures contracts on the currencies comprising the Deutsche Bank G10 Currency Future Harvest Index—Excess Return™ (the "DBCHI" or "Index") and will include cash and U.S. Treasury securities for margin purposes and other high credit quality short-term fixed income securities. Both the Fund and the Master Fund will be commodity pools operated by DB Commodity Services LLC (the "Managing Owner").⁶

The investment objective of the Fund and the Master Fund is to reflect the performance of the Index, over time, less the expenses of the operation of the Fund and the Master Fund. The Fund will pursue its investment objective by investing substantially all of its assets in the Master Fund. Each Share will correlate with a Master Fund share issued by the Master Fund and held by the Fund. The Master Fund will pursue its investment objective by taking long futures positions in the three (3) Index Currencies associated with the highest interest rates and short futures positions in the three (3) Index Currencies associated with the lowest interest rates⁷ and will adjust its holdings

⁴ The Fund and Master Fund were previously named the DB Currency Index Value Fund and DB Currency Index Value Master Fund, respectively. Telephone conversation between Michael Cavalier, Associate General Counsel, NYSE, and Ronesha A. Butler, Special Counsel, Division of Market Regulation ("Division"), Commission, on October 4, 2006.

⁵ See Securities Exchange Act Release No. 54450 (September 14, 2006) (SR-Amex-2006-44) (the "Amex Order"). See also Securities Exchange Act Release No. 54351 (August 23, 2006), 71 FR 51245, as corrected by 71 FR 53492 (September 11, 2006) (SR-Amex-2006-44).

⁶ The Managing Owner is registered as a commodity pool operator (the "CPO") and commodity trading advisor (the "CTA") with the Commodity Futures Trading Commission ("CFTC") and is a member of the National Futures Association ("NFA"). The Managing Owner will serve as the CPO and CTA of the Fund and the Master Fund.

⁷ The use of long and short positions in the construction of the Index causes the Index to rise as a result of any upward price movement of Index Currencies expected to gain relative to the U.S. Dollar and to rise as a result of any downward price movement of Index Currencies expected to lose relative to the U.S. Dollar.

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.