

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-57881; File Nos. SR-Amex-2008-40; SR-NASDAQ-2008-046; SR-NYSE-2008-39; SR-NYSEArca-2008-50)

May 29, 2008

Self-Regulatory Organizations; American Stock Exchange LLC, The NASDAQ Stock Market LLC, New York Stock Exchange LLC, and NYSE Arca, Inc.; Notice of Filing of Proposed Rule Changes to Adopt a Trading Halt Rule in Connection with the Dissemination of Net Asset Value and Disclosed Portfolio for Certain Derivative Securities Products

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 May 14, 2008, the American Stock Exchange LLC (“Amex”), The NASDAQ Stock Market LLC (“Nasdaq”), the New York Stock Exchange LLC (“NYSE”), and NYSE Arca, Inc. (“NYSE Arca” and together with Amex, Nasdaq, and NYSE, collectively, the “Exchanges”), through its wholly owned subsidiary, NYSE Arca Equities, Inc. (“NYSE Arca Equities”), each filed with the Securities and Exchange Commission (“Commission”) the proposed rule changes as described in Items I, II, and III below, which Items have been substantially prepared by the Exchanges. The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons.

I. Self-Regulatory Organizations’ Statement of the Terms of Substance of the Proposed Rule Changes

Each Exchange proposes to amend its respective rules to require a trading halt (“New Trading Halt Rule”) in certain derivative securities products when the respective Exchange becomes aware that the net asset value (“NAV”) and/or disclosed portfolio (“Disclosed Portfolio”),³ as applicable, for such derivative securities product is not being disseminated to all

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ “Disclosed Portfolio” is applicable only with respect to a series of Managed Fund Shares and is defined as the identities and quantities of the securities and other assets that: (1) are held by a registered investment company organized as an open-end management

market participants at the same time. The texts of the proposed rule changes are available at the Exchanges, the Commission's Public Reference Room, and the Exchanges' respective Internet Web sites.⁴

II. Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

In its filing with the Commission, each Exchange included statements concerning the purpose of, and basis for, its proposed rule change and discussed any comments it received on the proposed rule change. The text of the statements may be examined at the places specified in Item IV below. The Exchanges have prepared summaries, set forth in Sections A, B, and C, below, of the most significant aspects of such statements.

A. Self-Regulatory Organizations' Statement for the Purpose of, and Statutory Basis for, the Proposed Rule Changes

1. Purpose

Each Exchange proposes to amend its respective rules⁵ to require a trading halt in certain

investment company or similar entity that invests in a portfolio of securities selected by such investment company's investment adviser consistent such investment company's investment objectives and policies; and (2) form the basis for such investment company's calculation of NAV. See Amex Rule 1002B (setting forth the continued listing standards for Managed Fund Shares and requiring, among other things, that the Disclosed Portfolio be disseminated at least once daily and made available to all market participants at the same time) and NYSE Arca Equities Rule 8.600 (setting forth the listing standards for Managed Fund Shares and requiring, among other things, that the Disclosed Portfolio be disseminated at least once daily and made available to all market participants at the same time). As of the date hereof, only Amex and NYSE Arca Equities have listing rules for Managed Fund Shares. See *infra* note 5.

⁴ See www.amex.com, www.nasdaq.com, and www.nyse.com (for both NYSE and NYSE Arca).

⁵ For purposes of the proposed rule changes, Amex seeks to adopt new Amex Rule 117A and Commentary .01 thereto (Net Asset Value/Disclosed Portfolio Dissemination and Trading Halts); Nasdaq seeks to amend Nasdaq Rule 4120 (Trading Halts); NYSE seeks to amend NYSE Rule 123D (Openings and Halts in Trading); and NYSE Arca seeks to amend NYSE Arca Equities Rule 7.34 (Trading Sessions).

derivative securities products⁶ that are listed and trading on such Exchange, if such Exchange becomes aware that the NAV and/or Disclosed Portfolio, as applicable, for such derivative product is not being disseminated to all market participants at the same time. In addition, each Exchange would resume trading in such halted derivative securities product only when the NAV

⁶ Each Exchange seeks to apply its respective New Trading Halt Rule to certain derivative securities products for which: (1) such Exchange has listing and trading standards; and (2) an NAV and, in the case of Managed Fund Shares, a Disclosed Portfolio, is disseminated. See proposed Amex Rule 117A (applying Amex’s New Trading Halt Rule to Portfolio Depository Receipts (Amex Rule 1000-AEMI), Index Fund Shares (Amex Rule 1000A-AEMI), Trust Issued Receipts (Commentary .07 to Amex Rule 1202), Managed Fund Shares (Amex Rule 1000B), Commodity-Based Trust Shares (Amex Rule 1200A), Currency Trust Shares (Amex Rule 1200B), Paired Trust Shares (Amex Rule 1400), Partnership Units (Amex Rule 1500), and Trust Units (Amex Rule 1600)); proposed Nasdaq Rule 4120(a)(10) (applying Nasdaq’s New Trading Halt Rule to Portfolio Depository Receipts (Nasdaq Rule 4420(i)), Index Fund Shares (Nasdaq Rule 4420(j)), Trust Issued Receipts (Nasdaq Rule 4420(l)), Commodity-Related Securities (as defined in Nasdaq Rule 4630), and securities representing interests in unit investment trusts or investment companies); proposed NYSE Rule 123D(5) (applying NYSE’s New Trading Halt Rule to Investment Company Units (NYSE Rule 1100), Trust Issued Receipts (NYSE Rule 1200), Currency Trust Shares (NYSE Rule 1300A), and Commodity Trust Shares (NYSE Rule 1300B)); and proposed NYSE Arca Equities Rule 7.34(a)(5) (applying NYSE Arca’s New Trading Halt Rule to Investment Company Units (NYSE Arca Equities Rule 5.2(j)(3)), Portfolio Depository Receipts (NYSE Arca Equities Rule 8.100), Trust Issued Receipts (NYSE Arca Equities Rule 8.200), Commodity-Based Trust Shares (NYSE Arca Equities Rule 8.201), Currency Trust Shares (NYSE Arca Equities Rule 8.202), Commodity Index Trust Shares (NYSE Arca Equities Rule 8.203), Commodity Futures Trust Shares (NYSE Arca Equities Rule 8.204), Partnership Units (NYSE Arca Equities Rule 8.300), Paired Trust Shares (NYSE Arca Equities Rule 8.400), Trust Units (NYSE Arca Equities Rule 8.500), and Managed Fund Shares (NYSE Arca Equities Rule 8.600)).

Nasdaq seeks to apply its New Trading Halt Rule to proposed Managed Fund Shares through a separate proposed rule change. See Securities Exchange Release No. 57800 (May 8, 2008), 73 FR 27874 (May 14, 2008) (SR-NASDAQ-2008-039) (proposing, among other things, to include Managed Fund Shares (new Nasdaq Rule 4420(o)) under the definition of “Derivative Securities Product,” for purposes of Nasdaq Rule 4120(b)(4)(A)) (“Nasdaq Proposal”). Nasdaq represents that it will file an amendment to its proposed rule change (File No. SR-Nasdaq-2008-046) upon the Commission’s approval of the Nasdaq Proposal to modify its New Trading Halt Rule to account for the Disclosed Portfolio with respect to a series of Managed Fund Shares listed and traded on Nasdaq. E-mail from Sean Bennett, Assistant General Counsel, Nasdaq, to Edward Cho, Special Counsel, Division of Trading and Markets, Commission, dated May 19, 2008.

and/or Disclosed Portfolio, as applicable, is disseminated to all market participants.⁷ Each Exchange represents that, in the event the NAV and/or Disclosed Portfolio, as applicable, for a series of derivative securities product ceases to be disseminated altogether, such Exchange would halt trading in such derivative securities product.

2. Statutory Basis

The Exchanges believe that their respective proposed rule changes are consistent with the Act and the rules and regulations under the Act applicable to national securities exchanges and, in particular, the requirements of Section 6(b) of the Act.⁸ Specifically, the Exchanges believe their respective proposed rule changes are consistent with the requirements of Section 6(b)(5) of the Act,⁹ which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts, 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 mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

B. Self-Regulatory Organizations' Statement on Burden on Competition

The Exchanges believe that their respective proposed rule changes would impose no burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

⁷ Nasdaq's New Trading Halt Rule also provides that, in the case of a halted Derivative Securities Products (as defined in Nasdaq Rule 4120(b)(4)(A)) trading on Nasdaq pursuant to unlisted trading privileges, Nasdaq would resume trading in such Derivative Securities Product only until such time trading resumes in the listing market for such Derivative Securities Product. The Nasdaq Proposal also seeks to make technical, non-substantive changes to Nasdaq Rules 4120(a) and (c) to incorporate new Nasdaq Rule 4120(a)(10).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

C. Self-Regulatory Organizations' Statement on Comments on the Proposed Rule Changes Received from Members, Participants, or Others

The Exchanges have neither solicited nor received comments on their respective proposals.

III. Date of Effectiveness of the Proposed Rule Changes 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 Exchanges consent, the Commission will:

- A. by order approve such proposed rule changes, or
- B. institute proceedings to determine whether the proposed rule changes 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 changes are 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 Numbers SR-Amex-2008-40; SR-NASDAQ-2008-046; SR-NYSE-2008-39; and SR-NYSEArca-2008-50 in the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Numbers SR-Amex-2008-40; SR-NASDAQ-2008-046; SR-NYSE-2008-39; and SR-NYSEArca-2008-50. These file numbers 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 changes 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 Section, 100 F Street, NE, Washington, DC 20549-1090 on business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filings also will be available for inspection and copying at the respective principal offices of the Exchanges. 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 Numbers SR-Amex-2008-40; SR-NASDAQ-2008-046; SR-NYSE-2008-39; and SR-NYSEArca-2008-50 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Florence E. Harmon
Acting Secretary

¹⁰ 17 CFR 200.30-3(a)(12).