

increment for an FCO trading at \$3.00 or higher will be \$0.10.<sup>64</sup> In addition, the Commission believes that it is reasonable for the Exchange to list exercise prices of series at intervals no less than \$0.10.<sup>65</sup> Further, the Exchange believes that it is appropriate for the Exchange to list FCOs with expirations that are the same as the expirations currently permitted for index options, with the exception that FCO long-term series will only have expirations up to 36 months.<sup>66</sup>

The Commission also notes that, consistent with the Act, the proposed rules provide that the Exchange will have the ability to withdraw approval of the trading of a FCO if advisable in the public interest or for the protection of investors,<sup>67</sup> and an Exchange official will have the authority to halt or suspend trading in an FCO under certain circumstances in the interest of a fair and orderly market.<sup>68</sup>

#### *H. Accelerated Approval*

The Commission finds good cause for approving the proposed rule change, as amended, prior to the thirtieth day after publishing notice of Amendment No. 2 in the **Federal Register**. The Commission notes that the proposal, as modified by Amendment No. 1, was published for notice and comment,<sup>69</sup> and that the Commission received no comment letters on the proposal. Amendment No. 2 proposes to amend the proposed rules to specify the 47 cross-rate FCOs that ISE proposes to list and trade, as well as specify the position and exercise limits and the applicable rate modifiers for each proposed cross-rate FCO. The Commission notes that the Exchange expressed its intention to list cross-rate FCOs in its Exhibit 3 to the original proposed rule change, and that Amendment No. 2 provided the additional clarification necessary to allow the Exchange to do so. The Commission also notes that the proposed cross-rate FCOs are based on the same Currencies set forth in the original proposal, as modified by Amendment No. 1 and published in the **Federal Register**, and they are subject to the same rules and requirements as other FCOs. As such, the Commission believes that Amendment No. 2 does not raise any new or novel issues. Accordingly, the Commission finds good cause, consistent with Section

19(b)(2) of the Act,<sup>70</sup> to approve the proposal, as modified by Amendment Nos. 1 and 2, on an accelerated basis.

#### **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](mailto:rule-comments@sec.gov). Please include File Number SR-ISE-2006-59 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-ISE-2006-59. 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 the filing also will be available for inspection and copying at the principal office 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-ISE-2006-59 and should be submitted on or before May 1, 2007.

<sup>70</sup> 15 U.S.C. 78s(b)(2).

#### **V. Conclusion**

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>71</sup> that the proposed rule change (SR-ISE-2006-59), as modified by Amendment Nos. 1 and 2, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>72</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E7-6655 Filed 4-9-07; 8:45 am]

BILLING CODE 8010-01-P

#### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-55571; File No. SR-ISE-2007-21]

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

April 3, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 26, 2007, the International Securities Exchange, LLC ("ISE" 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 substantially prepared by the ISE. The ISE has designated this proposal as one establishing or changing a due, fee, or other charge applicable only to a member under Section 19(b)(3)(A)(ii) of the Act,<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> 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 seven Premium Products.<sup>5</sup> The text of the proposed rule change is available on the ISE's Web site (<http://www.ise.com>).

<sup>71</sup> 15 U.S.C. 78s(b)(2).

<sup>72</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)(ii).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

<sup>5</sup> "Premium Products" is defined in the Schedule of Fees as the products enumerated therein.

<sup>64</sup> See ISE Rule 710.

<sup>65</sup> See Proposed ISE Rule 2206(a)(4).

<sup>66</sup> See Proposed ISE Rule 2205.

<sup>67</sup> See Proposed ISE Rule 2204.

<sup>68</sup> See Proposed ISE Rule 2210.

<sup>69</sup> See Notice, *supra* note 5.

[www.iseoptions.com/legal/proposed\\_rule\\_changes.asp](http://www.iseoptions.com/legal/proposed_rule_changes.asp)), at 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 seven Premium Products: iShares Dow Jones U.S. Basic Materials Sector Index Fund ("IYM"),<sup>6</sup> iShares MSCI Germany Index Fund ("EWG"), iShares MSCI Australia Index Fund ("EWA"), iShares S&P 500 Growth Index Fund ("IVW"), iShares S&P 500 Value Index Fund ("IVE"),<sup>7</sup> iShares KLD Select Social

Index Fund ("KLD"), and iShares KLD 400 Social Index Fund ("DSI").<sup>8</sup>

All of the applicable fees covered by this filing are identical to fees charged by the Exchange for all other Premium Products.<sup>9</sup> Specifically, the Exchange is proposing to adopt an execution fee and a comparison fee for all transactions in options on IYM, EWG, EWA, IVW, IVE, KLD and DSI.<sup>10</sup> The amount of the execution fee and comparison fee for products covered by this filing shall be \$0.15 and \$0.03 per contract, respectively, for all Public Customer Orders<sup>11</sup> and Firm Proprietary orders. The amount of the execution fee and comparison fee for all ISE Market Maker transactions shall be equal to the execution fee and comparison fee currently charged by the Exchange for ISE Market Maker transactions in equity options.<sup>12</sup> Finally, the amount of the

promoted by MSCI. BGI, S&P and MSCI have not licensed or authorized ISE to: (i) engage in the creation, listing, provision of a market for trading, marketing, and promotion of options on IVW, IVE, EWG and EWA; or (ii) 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 IVW, IVE, EWG and EWA or with making disclosures concerning options on IVW, IVE, EWG and EWA under any applicable federal or state laws, rules or regulations. BGI, S&P and MSCI do not sponsor, endorse, or promote such activity by ISE, and are not affiliated in any manner with ISE.

<sup>6</sup> iShares® is a registered trademark of BGI, a wholly owned subsidiary of Barclays Bank PLC. "KLD Select Social<sup>SM</sup> Index" and "Domini 400 Social<sup>SM</sup> Index" are service marks of KLD Research & Analytics, Inc. and have been licensed for use for certain purposes by BGI. All other trademarks and service marks are the property of their respective owners. Neither KLD nor DSI are sponsored, endorsed, issued, sold or promoted by KLD Research & Analytics, Inc. BGI and KLD Research & Analytics, Inc. have not licensed or authorized ISE to: (i) Engage in the creation, listing, provision of a market for trading, marketing, and promotion of options on KLD and DSI; or (ii) 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 KLD and DSI or with making disclosures concerning options on KLD and DSI under any applicable federal or state laws, rules or regulations. BGI and KLD Research & Analytics, Inc. do not sponsor, endorse, or promote such activity by ISE, and are not affiliated in any manner with ISE.

<sup>9</sup> The Exchange represents that IYM, EWG, EWA, IVW, IVE, KLD and DSI constitute "Fund Shares," as defined by ISE Rule 502(h).

<sup>10</sup> 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). See Securities Exchange Act Release No. 54204 (July 25, 2006), 71 FR 43548 (August 1, 2006) (SR-ISE-2006-38).

<sup>11</sup> "Public Customer Order" is defined in Exchange Rule 100(a)(39) as an order for the account of a Public Customer. "Public Customer" is defined in Exchange Rule 100(a)(38) as a person that is not a broker or dealer in securities.

<sup>12</sup> The execution fee is currently between \$0.21 and \$0.12 per contract side, depending on the Exchange Average Daily Volume, and the comparison fee is currently \$0.03 per contract side.

execution fee and comparison fee for all non-ISE Market Maker transactions shall be \$0.16 and \$0.03 per contract, respectively. Further, since options on IYM, EWG, EWA, IVW, IVE, KLD and DSI are multiply-listed, the Payment for Order Flow fee shall also apply. 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 objectives of Section 6 of the Act,<sup>13</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>14</sup> in particular, in that it is designed to provide for the 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 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 unsolicited written comments from members or other interested parties.

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

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>15</sup> and Rule 19b-4(f)(2)<sup>16</sup> thereunder. At any time within 60 days of the filing of such 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, or otherwise in furtherance of the purposes of the Act.

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing,

<sup>13</sup> 15 U.S.C. 78f.

<sup>14</sup> 15 U.S.C. 78f(b)(4).

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

<sup>16</sup> 17 CFR 19b-4(f)(2).

<sup>6</sup> iShares® is a registered trademark of Barclays Global Investors, N.A. ("BGI"), a wholly owned subsidiary of Barclays Bank PLC. "Dow Jones," and "Dow Jones U.S. Basic Materials Sector Index Fund" are trademarks and service marks of Dow Jones & Company, Inc. ("Dow Jones") and have been licensed for use for certain purposes by BGI. All other trademarks and service marks are the property of their respective owners. IYM is not sponsored, endorsed, issued, sold or promoted by Dow Jones. BGI and Dow Jones have not licensed or authorized ISE to: (i) Engage in the creation, listing, provision of a market for trading, marketing, and promotion of options on IYM; or (ii) 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 IYM or with making disclosures concerning options on IYM under any applicable federal or state laws, rules or regulations. BGI and Dow Jones do not sponsor, endorse, or promote such activity by ISE, and are not affiliated in any manner with ISE.

<sup>7</sup> iShares® is a registered trademark BGI, a wholly owned subsidiary of Barclays Bank PLC. "Standard & Poor's," "S&P," "S&P 500," "S&P 500®," are trademarks of The McGraw-Hill Companies, Inc. ("McGraw-Hill"), and have been licensed for use for certain purposes by BGI. Neither IVW nor IVE are sponsored, sold or endorsed by Standard & Poor's, ("S&P"), a division of McGraw-Hill, and S&P makes no representation regarding the advisability of investing in IVW and IVE. "MSCI Germany Index" and "MSCI Australia Index" are service marks of Morgan Stanley Capital International ("MSCI") and have been licensed for use for certain purposes by BGI. All other trademarks and service marks are the property of their respective owners. Neither EWG nor EWA are sponsored, endorsed, issued, sold or

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](mailto:rule-comments@sec.gov). Please include File No. SR-ISE-2007-21 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 SR-ISE-2007-21. 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-2007-21 and should be submitted on or before May 1, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E7-6672 Filed 4-9-07; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55576; File No. SR-NASDAQ-2007-026]

### Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Pricing for Nasdaq Members Using the Nasdaq Market Center

April 3, 2007.

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 March 22, 2007, The NASDAQ Stock Market LLC ("Nasdaq" 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 substantially prepared by Nasdaq. Nasdaq has designated this proposal as one establishing or changing a due, fee, or other charge under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change effective immediately 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

Nasdaq proposes to modify the pricing for Nasdaq members using the Nasdaq Market Center. The text of the proposed rule change is available at Nasdaq, on the Exchange's Web site at <http://www.nasdaq.com>, and in 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, Nasdaq 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. Nasdaq has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

<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)(ii).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

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

#### 1. Purpose

Nasdaq proposes to conform its execution fees and liquidity-provider rebates for transactions in non-Nasdaq-listed securities priced under \$1 to the current fees and rebates for Nasdaq-listed securities priced under \$1. The execution fees for such transactions will be 0.1% of the total transaction cost, and the liquidity-provider rebate will be zero.<sup>5</sup> Thus, for example, the execution fee for a trade of 100 shares in a stock priced at \$0.70 would be \$0.07, with no rebate to the liquidity provider.

Nasdaq is also proposing to modify the routing fee for Nasdaq-listed and non-Nasdaq-listed securities priced under \$1 to 0.3% of the total transaction cost.<sup>6</sup> The change reflects the fact that under Rule 610 of Regulation NMS,<sup>7</sup> market centers to which Nasdaq routes may charge Nasdaq only up to 0.3% of the transaction cost for executing routed orders in securities priced under \$1.

Nasdaq recently began trading non-Nasdaq-listed securities priced under \$1 in sub-penny increments. As a result, Nasdaq has seen an increase in its share volume in these securities. Nasdaq believes that, as is true for Nasdaq-listed securities, the pricing structure for these securities ensures that market participants do not pay execution or routing fees, or receive rebates, that are disproportionately large when compared with the dollar value of a particular transaction. Nasdaq believes that the changes also ensure that execution fees are in compliance with Rule 610 of Regulation NMS. Separately, Nasdaq has filed a proposal for a retroactive reduction in the fees charged for executions of non-Nasdaq-listed securities priced under \$1 for the period from March 5 through March 21, 2007, to ensure that these fees are also in compliance with the requirements of Rule 610.

<sup>5</sup> For an order in a non-Nasdaq security through which a member accesses liquidity, this change will result in a fee reduction; for a quote or order through which a member acts as a liquidity provider, this change will eliminate the rebate previously paid to the member. See e-mail from John Yetter, Vice President and Deputy General Counsel, Nasdaq, to Sara Gillis, Attorney, Division of Market Regulation, Commission, on April 2, 2007 ("April 2, 2007 E-mail").

<sup>6</sup> Depending on the price of the transaction and a member's average daily share volume during the month, this change may either constitute a fee increase or a fee reduction for a particular routed order. See April 2, 2007 E-mail, *supra* note 5.

<sup>7</sup> 17 CFR 242.610.

<sup>17</sup> 17 CFR 200.30-3(a)(12).