

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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of 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-2007-99 and should be submitted on or before March 26, 2008.

#### IV. Commission's Findings and Order Granting Accelerated Approval of the Proposed Rule Change

After careful review, the Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>22</sup> In particular, the Commission finds that the proposal is consistent with section 6(b)(5) of the Act<sup>23</sup> in that it is designed to prevent fraudulent and manipulative acts and practices, 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.

Currently, the Exchange would have to file a proposed rule change with the Commission pursuant to section 19(b)(1) of the Act<sup>24</sup> and Rule 19b-4 thereunder<sup>25</sup> to list or trade any index-linked exchangeable notes. Rule 19b-4(e), however, provides that the listing and trading of a new derivative securities product by a self-regulatory organization ("SRO") will not be deemed a proposed rule change pursuant to Rule 19b-4(c)(1) if the Commission has approved, pursuant to section 19(b) of the Act, the SRO's trading rules, procedures, and listing standards for the product class that

would include the new derivative securities product, and the SRO has a surveillance program for the product class. The Exchange's proposed rules fulfill these requirements. Use of Rule 19b-4(e) by ISE to list or trade equity securities such as index-linked exchangeable notes should promote competition, reduce burdens on issuers and other market participants, and make offerings available to investors more quickly.

The Commission has approved generic listing standards for index-linked exchangeable notes on other national securities exchanges similar to those being proposed by ISE.<sup>26</sup> ISE's proposal does not appear to raise any novel regulatory issues, and the Commission is approving it on the same basis as those earlier proposals.

Additionally, the Commission believes that the proposed rules are reasonably designed to promote fair disclosure of information that may be necessary to price index-linked exchangeable notes appropriately. If a broker-dealer or fund advisor is responsible for maintaining (or has a role in maintaining) the underlying index, such broker-dealer or fund advisor would be required to erect and maintain a "firewall" to prevent the flow of non-public information regarding the underlying index from the personnel involved in the development and maintenance of such index to others such as sales and trading personnel.<sup>27</sup> The Commission also believes that the Exchange's proposed trading halt rules, discussed above, are reasonably designed to prevent trading when transparency is impaired.

Further, the Commission believes that the trading rules and procedures to which products will be subject pursuant to this proposal are consistent with the Act. Products traded pursuant to the proposed rule change would be subject to ISE's previously approved rules governing the trading of Equity Securities.

The Exchange represents that its surveillance procedures are adequate to properly monitor the trading of new derivative securities products, including index-linked exchangeable notes. The proposed rule change also requires that the Exchange enter into a

comprehensive surveillance sharing agreement ("CSSA") with markets trading components of the index or portfolio on which the new derivative securities product is based to the same extent as the listing exchange's rules require the listing market to enter into a CSSA with such markets. This approval is based on that recommendation.

#### Acceleration

The Commission finds good cause for approving the proposed rule change, as amended, prior to the 30th day after the date of publication of the notice of filing thereof in the **Federal Register**. ISE's proposal is similar to other proposals that have been approved by the Commission.<sup>28</sup> The Commission believes that ISE's proposal does not raise any novel issues, and accelerated approval of the proposal will expedite the listing and trading of additional products by the Exchange, subject to consistent and reasonable standards. Therefore, the Commission finds good cause, consistent with section 19(b)(2) of the Act,<sup>29</sup> to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

#### V. Conclusion

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>30</sup> that the proposed rule change (SR-ISE-2007-99), as modified by Amendment No. 1 thereto, is hereby approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>31</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E8-4172 Filed 3-4-08; 8:45 am]

BILLING CODE 8011-01-P

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57394; File No. SR-ISE-2008-18]

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

February 28, 2008.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

<sup>22</sup> In approving this rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>23</sup> 15 U.S.C. 78f(b)(5).

<sup>24</sup> 15 U.S.C. 78s(b)(1).

<sup>25</sup> 17 CFR 240.19b-4.

<sup>26</sup> See Securities Exchange Act Release No. 49532 (April 7, 2004), 69 FR 19593 (April 13, 2004) (SR-PCX-2004-01); Securities Exchange Act Release No. 46370 (August 16, 2002), 67 FR 54509 (August 22, 2002) (SR-CBOE-2002-29); Securities Exchange Act Release No. 45082 (November 19, 2001), 66 FR 59282 (November 27, 2001) (SR-Phlx-2001-92); Securities Exchange Act Release No. 44621 (July 30, 2001), 66 FR 41064 (August 6, 2001) (SR-Amex-2001-29).

<sup>27</sup> See proposed ISE Rule 2133(h).

<sup>28</sup> See *supra* at note 26.

<sup>29</sup> 15 U.S.C. 78s(b)(2).

<sup>30</sup> 15 U.S.C. 78s(b)(2).

<sup>31</sup> 17 CFR 200.30-3(a)(12).

(“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 26, 2008, 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 and II below, which Items have been substantially prepared by the Exchange. ISE filed the proposal pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6) 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 Exchange proposes to amend ISE Rule 718(d) regarding accommodation liquidations (also referred to as “cabinet trades”). The text of the proposed rule change is available on the Exchange’s Web site (<http://www.ise.com>), at the Exchange, 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.

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

##### **1. Purpose**

An “accommodation” or “cabinet” trade refers to trades in listed options on the Exchange that are worthless or not actively traded, often times conducted to establish tax losses. ISE Rule 718, Accommodation Liquidations (Cabinet Trades), sets forth specific procedures for engaging in cabinet trades. Currently, the rule provides for cabinet transactions to occur at a cabinet price of \$1 per options contract. Further, ISE Rule 718(d) states that orders for cabinet

trades may only be placed for public customer accounts. The Exchange now proposes to amend Rule 718(d) so that cabinet trades also can be placed on behalf of broker-dealer and market maker accounts. Under the proposed rule, priority will be continue to be based upon the sequence in which cabinet orders are placed on the Exchange. This proposed rule change will bring ISE’s rules into conformance with those of the other national securities exchanges who already permit these account types to initiate cabinet trades.

##### **2. Statutory Basis**

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>5</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>6</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and 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. The Exchange believes that the proposed rule change will strengthen the Exchange’s competitive position while allowing a greater number of market participants to initiate cabinet trades on the Exchange.

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

The Exchange believes that the proposed rule change will 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 states it 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 proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any

significant burden on competition; and (3) by its terms does not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>7</sup> and Rule 19b-4(f)(6) thereunder.<sup>8</sup>

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay. Since the proposal allows additional account types to initiate cabinet trades, similar to practices on other exchanges, the Exchange believes that there will be no detrimental effect on other market participants. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest.<sup>9</sup> This proposal is substantively identical to the rules of at least one other national securities exchange,<sup>10</sup> and raises no novel issues.

At any time within 60 days of the filing of the 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, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to provide the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange fulfilled this requirement.

<sup>9</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>10</sup> See Chicago Board Options Exchange Rule 6.54(a)(iii).

<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).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> 15 U.S.C. 78f(b)(5).

*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-2008-18 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.

All submissions should refer to File Number SR-ISE-2008-18. 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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. 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-2008-18 and should be submitted on or before March 26, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Florence E. Harmon,**  
*Deputy Secretary.*

[FR Doc. E8-4177 Filed 3-4-08; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-57385; File No. SR-NSCC-2007-17]

**Self-Regulatory Organizations; the National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Fee Schedule**

February 27, 2008.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 31, 2007, the National Securities Clearing Corporation ("NSCC") 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 primarily by NSCC. 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 modifies NSCC's fee schedule.

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

In its filing with the Commission, NSCC 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. NSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>2</sup>

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

The purpose of the proposed rule change is to revise fees for certain services provided by NSCC. These revisions include the following fee changes to align fees with costs of delivering services:

1. Implementation of a restructured clearing fee model, changing from the current solely transaction-based pricing structure to a methodology that combines the number of transactions

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> The Commission has modified parts of these statements.

processed with the value of those transactions;

2. reductions in Automated Customer Account Transfer Services (ACATS) fee;
3. reductions in Fund/SERV and Networking fees;
4. elimination of Insurance and Retirement Processing Services file fees; and
5. introduction of new fees for a new Funds Transfers service to be introduced in 2008 under NSCC's Insurance and Retirement Processing Services product line.

NSCC's fee schedule as it is being modified by this proposed rule change is attached as Exhibit 5 to NSCC's filing.<sup>3</sup> Unless otherwise noted in Exhibit 5, the proposed fee changes became effective on January 2, 2008.

The proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder, because it provides for the equitable allocation of fees among its participants.

*(B) Self-Regulatory Organization's Statement on Burden on Competition*

NSCC does not believe that the proposed rule change will 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. NSCC will notify the Commission of any written comments received by NSCC.

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

Because the foregoing rule change changes fees charged by NSCC, it has become effective pursuant to section 19(b)(3)(A)(ii) of the Act<sup>4</sup> and Rule 19b-4(f)(2)<sup>5</sup> thereunder. At any time within sixty days of the filing of the 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.

<sup>3</sup> File No. SR-NSCC-2007-17, including Exhibit 5, can be viewed at [http://www.dtcc.com/downloads/legal/rule\\_filings/2007/nscc/2007-17.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2007/nscc/2007-17.pdf).

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>5</sup> 17 CFR 240.19b-4(f)(2).

<sup>11</sup> 17 CFR 200.30-3(a)(12).