

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>18</sup>

Nancy M. Morris,  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53600; File No. SR-NYSEArca-2006-07]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change, and Amendment No. 1 Thereto, Relating to Exchange Fees and Charges

April 4, 2006.

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 21, 2006, NYSE Arca, Inc. ("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 prepared by the Exchange. On March 31, 2006, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The Exchange has designated this proposal as one establishing or changing a due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii),<sup>4</sup> and Rule 19b-4(f)(2) thereunder,<sup>5</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, 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 and Charges for Exchange Services ("Schedule") in order to assess a royalty fee on options contracts traded on certain Exchange Traded Funds ("ETFs"). The text of the proposed rule change, as amended, is available on the Exchange's Web site at <http://www.nysearca.com>, at the Exchange's Office of the Secretary, 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, as amended, and discussed any comments it received on the proposal. 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 the Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The Exchange proposes to amend its Schedule in order to assess a \$0.10 royalty fee on options contracts traded on the following ETFs: the Russell 1000 Index Fund (IWB), the Russell 1000 Value Index Fund (IWD), the Russell 2000 Index Fund (IWM), the Russell 2000 Value Index Fund (IWN), the Russell 2000 Growth Fund (IWO), and the Russell Midcap Index Fund (IWR). The Exchange proposes to charge \$0.10 per contract side on all market maker, firm and broker dealer transactions. According to the Exchange, consistent with the present Schedule, customers will not be assessed the royalty fee.

The Exchange also proposes to add additional language to footnote 6 of the Trade-Related Charges section of the Schedule. According to the Exchange, this language is being added to cross reference an existing section in the Schedule that contains information on how royalty fees associated with Options Strategy Executions are assessed. These fees are explained under the "Limit of Fees on Options Strategy Executions" section of the Schedule. The Exchange notes that the additional language to this footnote simply serves as a reference to the existing explanation.

###### 2. Statutory Basis

The Exchange believes that the proposed rule change, as amended, is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act,<sup>7</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 issuers and other persons using its facilities.

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

The Exchange does not believe that the proposed rule change, as amended, will 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

No written comments were solicited or received with respect to the proposed rule change.

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

The foregoing rule change, as amended, has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>8</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder,<sup>9</sup> since it establishes or changes a due, fee or other charge imposed by the Exchange.

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 the furtherance of the purposes of the Act.<sup>10</sup>

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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-NYSEArca-2006-07 on the subject line.

##### Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary,

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>9</sup> 17 CFR 240.19b-4(f)(2).

<sup>10</sup> The effective date of the original proposed rule change is March 21, 2006, and the effective date of Amendment No. 1 is March 31, 2006. For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on March 31, 2006, the date on which the Exchange filed Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

<sup>18</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> Amendment No. 1 made clarifying changes to the rule text and purpose section of the proposed rule change.

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

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

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

<sup>7</sup> 15 U.S.C. 78f(b)(4).

Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2006-07. 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 Section. Copies of such 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 No. SR-NYSEArca-2006-07 and should be submitted on or before May 3, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

Nancy M. Morris,  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53612; File No. SR-Phlx-2006-15]

### Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment Nos. 1 and 2 Thereto Relating to Registration Filing Requirements and Reporting Requirements

April 6, 2006.

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 17, 2006, the Philadelphia Stock Exchange, Inc. ("Phlx" 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 prepared by the Phlx. On April 3, 2006, the Phlx filed Amendment No. 1 to the proposed rule change.<sup>3</sup> On April 5, 2006, the Phlx filed Amendment No. 2 to the proposed rule change.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, 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 Phlx proposes to: (1) Amend Exchange Rules 600, 604, 620, 623 and 1024, Options Floor Procedure Advice ("OFFPA") F-25 and Equity Floor Procedure Advice ("EFPA") F-25 to require all member and participant organizations, that do not already participate in Web CRD as a member of a participating exchange or the National Association of Securities Dealers ("NASD") to submit Form U4, and Form U5, and amendments thereto to the Web Central Registration Depository ("Web CRD")<sup>5</sup> as well as to submit fingerprint cards directly to the NASD; (2) amend Exchange Rule 1024 to require persons to be Registered Representatives<sup>6</sup> of a member or participant organization in order to solicit or accept customer orders for foreign currency options or in the alternative to require persons who have not successfully completed the Series 7 General Securities Representative Examination to submit an application for waiver of the Series 7 for approval; (3) amend Exchange Rules 600, 604, 620 and 1024 to add language specifying a timeframe in which to amend Form U4, Form U5 and

Form BD; (4) amend its minor rule violation enforcement and reporting plan ("MRP") by adopting two new floor procedure advices, EFPA F-34 and OFFPA F-34, respectively, pursuant to Exchange Rule 970, for failures to timely submit amendments to Form U4, Form U5 and Form BD;<sup>7</sup> and (5) make other minor clarifying changes to certain of these rules. The text of the proposed rule change is available on the Phlx's Web site (<http://www.phlx.com>), at the Phlx's Office of the Secretary, 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 Phlx 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 Phlx 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 purpose of the proposed rule change is to create a more efficient, centralized registration process by migrating from a manual paper-based Exchange procedure to Web CRD for registration and NASD processing of fingerprints, with more defined deadlines and a more streamlined disciplinary process. The proposal also seeks to eliminate the Series 15 as a prerequisite for trading foreign currency options, which is rarely used. The proposal also makes other minor technical changes.

###### Web CRD

The Web CRD process would assist in maintaining all historical information related to associated persons of member and participant organizations in one central repository, as well as create efficient disclosure utilizing an online database, which can be accessed by

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

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

<sup>3</sup> In Amendment No. 1, the Phlx made clarifying and technical changes to the proposal.

<sup>4</sup> In Amendment No. 2, the Phlx made further clarifying and technical changes to the proposal.

<sup>5</sup> Web CRD is a web-based system that provides broker-dealers and their associated persons "one-stop filing" with the Commission, NASD, and other self-regulatory organizations and regulators. Web CRD is operated by NASD and is utilized by participating securities regulators in connection with registering and licensing broker-dealers and their associated persons.

<sup>6</sup> Registered Representative categories include registered options principals, general securities representatives, general securities sales supervisors and United Kingdom limited general securities registered representatives. See Phlx Fee Schedule Appendix A at footnote 25.

<sup>7</sup> Rule 19d-1(c)(1) under the Act, 17 CFR 240.19d-1(c)(1), requires any self-regulatory organization for which the Commission is the appropriate regulatory agency that takes any final disciplinary action with respect to any person to promptly file a notice thereof with the Commission. However, rule violations resulting in a fine not exceeding \$2,500 are not deemed final and therefore not subject to the same reporting requirements.

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