

opening contract requirement in the FLEX Equity Options market, as well as whether the lower opening size has increased liquidity in FLEX Equity Options. Based on the report's information, the Commission should be able to determine whether the Pilot Program should be extended or approved on a permanent basis, consistent with the Act.

The Commission also believes that the aspect of the proposal that modifies the minimum value size for an opening transaction in a currently-opened FLEX Equity series (other than FLEX Quotes responsive to a FLEX Request for Quotes) to the lesser of (i) 100 contracts or (ii) the number of contracts overlying \$1 million in the underlying securities is also consistent with the Act and the rules and regulations thereunder. The Commission agrees with the Exchange that this change will provide consistency between the minimum size requirements for opening transactions in both new series and currently-opened series when the underlying stock is trading at more than \$100. The change avoids the result that, for situations where the underlying stock is priced over \$100, the effect of current CBOE rules is to require a higher opening amount for currently-opened series than for newly established series.

#### IV. Conclusion

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>17</sup> that the proposed rule change (SR-CBOE-2006-36), as modified by Amendments No. 1, 2, and 3, be, and hereby is, approved with respect to the minimum value size for an opening transaction in a currently-opened FLEX Equity series (other than FLEX Quotes responsive to a FLEX Request for Quotes) and to establish a Pilot Program for one-and-a-half-years with respect to the reduced minimum number of contracts required for a FLEX Equity Option Opening transaction in a new series.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E8-4748 Filed 3-10-08; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57430; File No. SR-NASDAQ-2008-012]

### Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change To Trade Shares of the GreenHaven Continuous Commodity Fund Pursuant to Unlisted Trading Privileges

March 4, 2008.

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 February 27, 2008, 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 and II below, which Items have been substantially prepared by the Exchange. This order provides notice of the proposed rule change and approves it on an accelerated basis.

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

Nasdaq proposes to trade, pursuant to unlisted trading privileges ("UTP"), shares ("Shares") of the GreenHaven Continuous Commodity Fund ("Fund").

The text of the proposed rule change is available from the Exchange's Web site (<http://nasdaq.complinet.com>), at the principal office of 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 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

Nasdaq proposes to trade pursuant to UTP the Shares, which represent beneficial ownership interests in the GreenHaven Continuous Commodity Index Master Fund's ("Master Fund") net assets, consisting solely of the common units of beneficial interest of the Master Fund ("Master Fund Units"). A rule proposal to list and trade the Shares has been filed by the American Stock Exchange LLC ("Amex") and approved by the Commission.<sup>3</sup>

The investment objective of the Fund and the Master Fund is to reflect the performance of the Continuous Commodity Total Return Index ("Index" or "CCI-TR") over time, less the expenses of the operations of the Fund and the Master Fund. The Index is widely viewed as a broad measure of overall commodity price trends because of the diverse nature of the Index's constituent commodities. The CCI-TR consists of 17 commodity futures prices. The 17 commodities are currently corn, wheat, soybeans, live cattle, lean hogs, gold, silver, copper, cocoa, coffee, sugar #11, cotton, orange juice, platinum, crude oil, heating oil, and natural gas. The Index is calculated to produce an unweighted geometric mean of the individual commodity price relatives, *i.e.*, a ratio of the current price to the base year average price. The Fund pursues its investment objective by investing substantially all of its assets in the Master Fund. The Master Fund pursues its investment objective by investing in a portfolio of exchange-traded futures contracts ("Commodity Futures Contracts") on the commodities comprising the Index ("Index Commodities"). The Master Fund also holds cash and U.S. Treasury securities for deposit with the Master Fund's Commodity Broker as margin and other high-credit-quality short-term fixed income securities. The Master Fund's portfolio is managed to reflect the performance of the Index over time.

The Funds will not be subject to registration and regulation under the Investment Company Act of 1940. The Master Fund is not actively managed, but instead seeks to track the performance of the CCI-TR. To maintain the correspondence between the composition and weightings of the Index Commodities comprising the

<sup>17</sup> 15 U.S.C. 78s(b)(2).

<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> See Securities Exchange Act Release No. 56969 (December 14, 2007), 72 FR 724211 (December 20, 2007) (SR-Amex-2007-53) ("Amex Proposal").

Index, GreenHaven Commodity Services LLC ("Managing Owner")<sup>4</sup> may adjust the portfolio on a daily basis to conform to periodic changes in the identity and/or relative weighting of the Index Commodities. The Managing Owner will also make adjustments and changes to the portfolio in the case of significant changes to the Index.

#### Dissemination and Availability of Information About the Underlying Index, Underlying Futures Contracts and the Shares

According to the Amex Proposal, Reuters is the owner, publisher, and custodian of CCI-TR, which represents a total return version of the ninth revision (as of 1995) of the original Commodity Research Bureau (CRB) Index. Values of the underlying Index are computed by Reuters and widely disseminated every 15 seconds during Amex's trading hours, which corresponds to Nasdaq's regular market session.

CCI-TR is calculated to offer investors a representation of the investable returns that an investor should expect to receive by attempting to replicate the CCI index by buying the respective commodity futures and collateralizing their investment with U.S. Government securities (*i.e.*, 90-day T-Bills). The CCI-TR takes into account the economics of rolling listed commodity futures forward to avoid delivery and maintain exposure in liquid contracts. To achieve the objectives of the index, Reuters has established rules for calculation of the index. Specifically, only settlement and last-sale prices are used in the Index's calculation, bids and offers are not recognized. Where no last-sale price exists, typically in the more deferred contract months, the previous days' settlement price is used.

According to the Amex Proposal, the Managing Owner represents that it will seek to arrange to have the Index calculated and disseminated on a daily basis through a third party if the Index Sponsor ceases to calculate and disseminate the Index. If, however, the Managing Owner is unable to arrange the calculation and dissemination of the Index, Amex has represented in the Amex Proposal that it will undertake to delist the Shares. In such event, the

Exchange would cease trading the Shares.

The disseminated value of the Index will not reflect changes to the prices of the Index Commodities between the close of trading of the various Commodity Futures Contracts and the close of trading of Nasdaq's regular market session. In addition, Reuters and Amex on their respective Web sites will also provide any adjustments or changes to the Index.

The daily settlement prices for each of the Commodity Futures Contracts held by the Master Fund are publicly available on the NYBOT, New York Mercantile Exchange ("NYMEX"), Chicago Mercantile Exchange ("CME"), and Chicago Board of Trade ("CBOT") Web sites.<sup>5</sup> In addition, various data vendors and news publications publish futures prices and data. Futures contract quotes and last-sale information for the Commodity Futures Contracts on the Index Commodities is widely disseminated through a variety of market data vendors worldwide, including Bloomberg and Reuters. In addition, complete real-time data for the Commodity Futures Contracts are available by subscription from Reuters and Bloomberg. The various futures exchanges also provide delayed futures information on current and past trading sessions and market news free of charge on their respective Web sites. The specific contract specifications for each Commodity Futures Contract are also available from the various futures exchanges on their Web sites as well as other financial informational sources.

The Web site for the Fund and/or Amex, which are publicly accessible at no charge, will contain the following information: (1) The current NAV per Share daily and the prior business day's NAV per Share and the reported closing price; (2) the midpoint of the bid-ask price<sup>6</sup> in relation to the NAV per Share as of the time the NAV per Share is calculated ("Bid-Ask Price"); (3) calculation of the premium or discount of such price against such NAV per Share; (4) data in chart form displaying the frequency distribution of discounts and premiums of the Bid-Ask Price against the NAV per Share, within appropriate ranges for each of the four previous calendar quarters; (5) the Prospectus; and (6) other applicable quantitative information.

According to the Amex Proposal, Amex intends to disseminate for the

Fund on a daily basis by means of CTA/CQ High Speed Lines information with respect to the corresponding Indicative Fund Value (as discussed below), recent NAV's per Share and shares outstanding. Amex will also make available on its Web site daily trading volume of the Shares, closing prices of the Shares, and the NAV per Share. The closing prices and settlement prices of the Commodity Futures Contracts held by the Master Fund are also readily available from the NYMEX, CBOT, CME, and NYBOT; automated quotation systems; published or other public sources; or on-line information services such as Bloomberg or Reuters.

The Bank of New York (the "Administrator") calculates and disseminates, once each trading day, the NAV per Share to market participants. Amex has represented that it will obtain a representation (prior to listing of the Funds) that the NAV per Share will be calculated daily and made available to all market participants at the same time. In addition, the Administrator causes to be made available on a daily basis the corresponding Cash Deposit Amounts to be deposited in connection with the issuance of the respective Shares. In addition, other investors can request such information directly from the Administrator, and such information will be provided upon request.

In order to provide updated information relating to the Fund for use by investors, professionals, and persons wishing to create or redeem the Shares, Amex will disseminate, through the facilities of CTA, an updated Indicative Fund Value for the Fund, according to the Amex Proposal. The Indicative Fund Value will be disseminated on a per-Share basis at least every 15 seconds from 9:30 a.m. to 4:15 p.m. ET. The Indicative Fund Value will be calculated based on the cash required for creations and redemptions (*i.e.*, NAV x 50,000) for the Fund adjusted to reflect the price changes of the Commodity Futures Contracts and the holdings of U.S. Treasury securities and other high-credit-quality short-term fixed income securities. In addition, quotations and last-sale information regarding the Shares will be disseminated through the facilities of the CTA.

The Indicative Fund Value will not reflect changes to the price of an underlying commodity between the close of trading of the futures contracts at the relevant futures exchanges and the close of trading of Nasdaq's regular market session on the Exchange. The Indicative Fund Value will not reflect changes to the price of an underlying commodity in the pre-market or post-

<sup>4</sup> GreenHaven Commodity Services LLC, a Delaware limited liability company, will serve as the Managing Owner of the Fund and the Master Fund. The Managing Owner will serve as the commodity pool operator ("CPO") and commodity trading advisor ("CTA") of the Fund and the Master Fund. The Managing Owner is registered as a CPO and CTA with the Commodity Futures Trading Commission ("CFTC") and is a member of the National Futures Association ("NFA").

<sup>5</sup> See <http://www.nybot.com>, <http://www.nymex.com>, <http://www.cme.com> and <http://www.cbots.com>.

<sup>6</sup> The bid-ask price of Shares is determined using the highest bid and lowest offer as of the time of calculation of the NAV.

market trading sessions. The value of a Share may accordingly be influenced by non-concurrent trading hours between Exchange and the various futures exchanges on which the futures contracts based on the Index commodities are traded. While the Shares will trade on the Exchange from 7 a.m. to 8 p.m. ET, the trading hours for each of the Index commodities underlying the futures contracts will vary.

While the markets for futures trading for each of the Index commodities is open, the Indicative Fund Value can be expected to closely approximate the value per Share of the corresponding Basket Amount. However, during Exchange trading hours when the Commodity Futures Contracts have ceased trading, spreads and resulting premiums or discounts may widen and, therefore, increase the difference between the price of the Shares and the NAV of the Shares. The Indicative Fund Value on a per-Share basis disseminated during Nasdaq's regular market session should not be viewed as a real-time update of the NAV, which is calculated only once a day.

#### Trading Halts

Nasdaq will halt trading in the Shares under the conditions specified in Nasdaq Rules 4120 and 4121. The conditions for a halt include a regulatory halt by the listing market. UTP trading in the Shares will also be governed by provisions of Nasdaq Rule 4120(b) relating to temporary interruptions in the calculation or wide dissemination of the Indicative Fund Value. Additionally, Nasdaq may cease trading the Shares if other unusual conditions or circumstances exist which, in the opinion of Nasdaq, make further dealings on Nasdaq detrimental to the maintenance of a fair and orderly market. Nasdaq will also follow any procedures with respect to trading halts as set forth in Nasdaq Rule 4120(c). Finally, Nasdaq will stop trading the Shares if the listing market delists them.

#### Trading Rules

Nasdaq deems the Shares to be equity securities, thus rendering trading in the Shares subject to its existing rules governing the trading of equity securities, including Nasdaq Rule 4630, which governs trading of Commodity-Related Securities. The trading hours for the Shares on the Exchange would be 7 a.m. to 8 p.m., ET, unless such trading hours are changed by a subsequent rule change.

#### Surveillance

Nasdaq believes that its surveillance procedures are adequate to address any concerns about the trading of the Shares on Nasdaq. Trading of the Shares through Nasdaq will be subject to FINRA's surveillance procedures for equity securities in general.<sup>7</sup> The Exchange may obtain information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members or affiliates of the ISG.<sup>8</sup>

#### Information Circular

Nasdaq is able to obtain information regarding trading in the Shares and the underlying Futures Contracts through its members in connection with the proprietary or customer trades that such members effect on any relevant market. Nasdaq is party to Information Sharing Agreements with NYMEX for the purpose of providing information in connection with trading in or related to Futures Contracts traded on those markets. If the Fund trades on other exchanges, Nasdaq will enter into information sharing agreements with those particular exchanges.

Prior to the commencement of trading, Nasdaq will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (1) The procedures for purchases and redemptions of Shares in Baskets (and that Shares are not individually redeemable); (2) Nasdaq Rule 2310, which imposes suitability obligations on Nasdaq members with respect to recommending transactions in the Shares to customers; (3) how information regarding the Indicative Fund Value is disseminated; (4) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; (5) the risks involved in trading the Shares during the pre-market and post-market trading sessions when an updated Indicative Fund Value will not be calculated or publicly disseminated; and (6) trading information. The Information Circular will also discuss any exemptive, no-action, or interpretive relief granted by the Commission from any rules under the Act.

In addition, the Information Circular will reference that the Fund is subject

<sup>7</sup> FINRA surveils trading on Nasdaq pursuant to a regulatory services agreement. Nasdaq is responsible for FINRA's performance under this regulatory services agreement.

<sup>8</sup> For a list of the current members and affiliate members of ISG, see <http://www.isgportal.com>. CBOT, CME, and NYBOT are members of ISG.

to various fees and expenses described in the relevant registration statement. The Information Circular will also reference the fact that there is no regulated source of last-sale information regarding physical commodities, that the Commission has no jurisdiction over the trading of commodity futures contracts, and that the CFTC has regulatory jurisdiction over the trading of commodity futures contracts.

The Information Circular will also disclose the trading hours of the Shares of the Fund and that the NAV for the Shares will be calculated after 4 p.m. ET, each trading day.

#### 2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange. Specifically, Nasdaq believes that the proposed rule change is consistent with the section 6(b)(5)<sup>9</sup> requirements that an exchange have rules designed to promote just and equitable principles of trade, 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. In addition, Nasdaq believes that the proposal is consistent with Rule 12f-5 under the Act<sup>10</sup> because it deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

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

The Exchange does not believe that the proposed rule change 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

The Exchange neither solicited nor received comments on the proposal.

### III. 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>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> 17 CFR 240.12f-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-NASDAQ-2008-012 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-NASDAQ-2008-012. 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 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 Number SR-NASDAQ-2008-012 and should be submitted on or before April 1, 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 is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>11</sup> In particular, the

Commission finds that the proposed rule change is consistent with section 6(b)(5) of the Act,<sup>12</sup> which requires that an exchange have rules designed, among other things, to promote just and equitable principles of trade, 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 Commission believes that this proposal should benefit investors by increasing competition among markets that trade the Shares.

In addition, the Commission finds that the proposal is consistent with section 12(f) of the Act,<sup>13</sup> which permits an exchange to trade, pursuant to UTP, a security that is listed and registered on another exchange.<sup>14</sup> The Commission notes that it previously approved the listing and trading of the Shares on Amex.<sup>15</sup> The Commission also finds that the proposal is consistent with Rule 12f-5 under the Act,<sup>16</sup> which provides that an exchange shall not extend UTP to a security unless the exchange has in effect a rule or rules providing for transactions in the class or type of security to which the exchange extends UTP. The Exchange has represented that it meets this requirement because it deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

The Commission further believes that the proposal is consistent with section 11A(a)(1)(C)(iii) of the Act,<sup>17</sup> which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities. Quotations for and last-sale information regarding the Shares are disseminated through the facilities of the CTA and the Consolidated Quotation System. In addition, Amex will calculate and

disseminate the Indicative Fund Value per Share through the facilities of the Consolidated Tape Association at least every 15 seconds throughout Amex trading hours for the Shares. Amex will also make available on its Web site daily trading volume, the closing prices, and the NAV. Quotations and last-sale information regarding the Commodity Futures Contracts are widely disseminated through a variety of market data vendors worldwide, including Bloomberg and Reuters. In addition, complete real-time data for the Commodity Futures Contracts is available from Reuters and Bloomberg. The relevant futures exchanges also provide various market data and contract specifications for each Commodity Futures Contract on their respective Web sites.

The Commission also believes that the proposal appears reasonably designed to preclude trading of the Shares if transparency is impaired or there is unfair dissemination of the NAV. Trading in the Shares will be subject to Nasdaq Rule 4120(b), which provides that, if the listing market halts trading when the Indicative Fund Value is not being calculated or disseminated, the Exchange also would halt trading. Nasdaq also will halt trading in the Shares if it learns that the listing market has instituted a regulatory halt, which would include instances where Amex halts trading in the Shares because the NAV per Share is not disseminated to all market participants at the same time. Lastly, the Exchange has represented that it may halt trading in the Shares if other unusual conditions or circumstances exist which make further dealings on the Exchange detrimental to the maintenance of a fair and orderly market.

In support of this proposal, the Exchange has made the following additional representations:

1. The Exchange's surveillance procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules.
2. Prior to the commencement of trading, the Exchange would inform its members in an Information Bulletin of the special characteristics and risks associated with trading the Shares.
3. The Information Bulletin also would discuss the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction.

This approval order is based on the Exchange's representations.

The Commission notes that, if the Shares should be delisted by the listing

<sup>11</sup> In approving this rule change, the Commission notes that it has considered the proposal's impact on efficacy, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

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

<sup>14</sup> Section 12(a) of the Act, 15 U.S.C. 78 I(a), generally prohibits a broker-dealer from trading a security on a national securities exchange unless the security is registered on that exchange pursuant to Section 12 of the Act. Section 12(f) of the Act excludes from this restriction trading in any security to which an exchange "extends UTP." When an exchange extends UTP to a security, it allows its members to trade the security as if it were listed and registered on the exchange even though it is not so listed and registered.

<sup>15</sup> See *supra* note 3.

<sup>16</sup> 17 CFR 240.12f-5.

<sup>17</sup> 15 U.S.C. 78k-1(a)(1)(C)(iii).

exchange, the Exchange would no longer have authority to trade the Shares pursuant to this order.

The Commission finds good cause for approving this proposal before the thirtieth day after the publication of notice thereof in the **Federal Register**. As noted above, the Commission previously found that the listing and trading of the Shares on Amex is consistent with the Act. The Commission presently is not aware of any regulatory issue that should cause it to revisit this finding or would preclude the trading of the Shares on the Exchange pursuant to UTP. Therefore, accelerating approval of this proposal should benefit investors by creating, without undue delay, additional competition in the market for the Shares.

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>18</sup> that the proposed rule change (SR-NASDAQ-2008-012) be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

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

[FR Doc. E8-4749 Filed 3-10-08; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57433; File No. SR-NYSE-2008-15]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Provide a Credit to Members for Execution of Orders Sent Directly to a Floor Broker that Adds Liquidity to the Exchange

March 5, 2008.

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 February 28, 2008, the New York Stock Exchange LLC ("NYSE" or "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by the Exchange. The Exchange filed the proposed rule change pursuant to section 19(b)(3)(A) of the Act<sup>3</sup> and Rule

19b-4(f)(2) thereunder,<sup>4</sup> which renders it 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 its equity transaction fees, for implementation on March 1, 2008. Member Organizations will receive a \$.0004 per share credit for execution of orders sent directly to the floor broker for representation on the NYSE when adding liquidity to the NYSE Display Book<sup>®</sup> system (including Percentage Orders). The text of the proposed rule change is available at <http://www.nyse.com>, the Exchange, and 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, NYSE 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. NYSE 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 proposes to amend its equity transaction fees, for implementation on March 1, 2008. Member organizations will receive a \$.0004 per share credit for execution of orders sent directly to the floor broker for representation on the NYSE when adding liquidity to the NYSE Display Book system<sup>5</sup> (including Percentage

Orders).<sup>6</sup> Technological limitations<sup>7</sup> make it impossible for floor brokers to post orders on other markets while at the point of sale on the Exchange. Therefore, unlike other Exchange users, they are unable to benefit from the incentives certain other markets provide to customers who provide liquidity. The time that would elapse if a floor broker sent the order to his booth or upstairs trading desk for execution on another market means that, if the floor broker utilized this alternative, the trade would likely not get executed at the desired price. The Exchange believes this disparity places floor brokers at a competitive disadvantage to other Exchange customers and believes that the proposed credit will mitigate the effects of that disadvantage while also attracting additional liquidity to the Exchange.

The Exchange believes the credit is justified because of the importance of the floor brokers to the continuation of the floor as an integral part of the Exchange's market model. The Exchange's market model integrates the auction market with automated trading. Essential to this model is the interaction between the specialists, floor brokers, and orders in the Display Book system, which creates opportunities for price improvement, provides information about changing market conditions, and serves as a catalyst to trading. The Exchange believes that this incentive will allow floor brokers to remain competitive.

The Exchange's 2008 Price List is also being modified to reflect the fact that it is no longer necessary to note that Percentage Orders adding liquidity to the NYSE are free of charge, as Percentage Orders can only be accepted by Exchange systems if sent through a floor broker's hand-held device, and thus all Percentage Orders that were formerly free will now receive the \$.0004 per share credit.

<sup>6</sup> An order adds liquidity to the market if it is posted on the book for execution against incoming orders on the contra side. Generally, Exchange customers are able to send their orders to other markets to avail themselves of incentives those markets provide to customers who provide liquidity. Floor brokers add liquidity to the market by posting orders either as e-Quotes or as DOT or Percentage Orders. Non-electronic trades on the Exchange floor do not add liquidity to the book and are either charged a fee of \$.0004 per share (if they are non-electronic agency transactions of less than 10,000 shares between brokers in the crowd) or are free (if they are non-electronic trades of 10,000 shares or more).

<sup>7</sup> The Exchange's order management system on the floor, the Broker Booth Support System<sup>®</sup> (BBSS), is not configured to route orders away from the floor to another market.

<sup>18</sup> 15 U.S.C. 78s(b)(2).

<sup>19</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).

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

<sup>5</sup> The Display Book system is an order management and execution facility. The Display Book system receives and displays orders to the specialists, contains the Book, and provides a mechanism to execute and report transactions and publish the results to the Consolidated Tape. The Display Book system is connected to a number of other Exchange systems for the purposes of comparison, surveillance, and reporting information to customers and other market data and national market systems.