

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:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NSX-2007-03 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-NSX-2007-03. 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 NSX. 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-NSX-2007-03 and should be submitted on or before April 23, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55528; File No. SR-NYSE-2007-28]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change To Exempt Limited Partnerships From Certain of Its Shareholder Approval Rules

March 26, 2007.

Pursuant to Section 19(b)(1) ¹ of the Securities Exchange Act of 1934 (the "Act"),² and Rule 19b-4 thereunder,³ notice is hereby given that on March 9, 2007, New York Stock Exchange LLC (the "NYSE" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule changes as described in Items I, II, and III below, which items have been substantially prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons.

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

The Exchange proposes to amend the Exchange's Listed Company Manual (the "Manual") to exempt limited partnerships from the obligation to obtain shareholder approval under the circumstances set forth in Sections 312.03(b), (c), and (d) for the issuance of common stock and securities convertible into or exchangeable for common stock.⁴

The text of the proposed rule change is available on the Exchange's Web site at <http://www.nyse.com>, the Office of the Secretary, the Exchange and at the Commission's Public Reference Room.

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ NYSE-listed limited partnerships would still be subject to the Exchange's shareholder approval requirements for equity compensation plans. See NYSE Listed Company Manual Sections 303A.08 and 312.03(a).

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 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 exempt limited partnerships from the obligation to obtain shareholder approval under the circumstances set forth in Manual Sections 312.03(b), (c), and (d) for the issuance of common stock and securities convertible into or exchangeable for common stock.⁵

Subject to certain exceptions specified therein, Manual Sections 312.03(b), (c), and (d) require listed issuers to obtain shareholder approval prior to the issuance of common stock or securities convertible into or exchangeable for common stock in any transaction or series of related transactions in the following situations:

- Where the potential dilution exceeds either one percent of the number of shares of common stock or one percent of the voting power outstanding before the issuance to: (a) a director, officer or substantial security holder of the company (each a "Related Party"); (b) a subsidiary, affiliate or other closely-related person of a Related Party; or (c) any company or entity in which a Related Party has a substantial direct or indirect interest.

- If the Related Party involved in a transaction covered by the preceding bullet is classified as such solely because such person is a substantial security holder, and if the issuance relates to a sale of stock for cash at a price at least as great as each of the book and market value of the issuer's common stock, then shareholder approval will not be required unless the number of shares of common stock to be issued, or unless the number of shares of common stock into which the securities may be convertible or exercisable, exceeds either five percent of the number of shares of common stock or five percent of the voting power outstanding before the issuance.

- If: (a) the common stock has, or will have upon issuance, voting power equal to or in

⁵ See *supra* note 4.

excess of 20 percent of the voting power outstanding before the issuance of such stock or of securities convertible into or exercisable for common stock; or (b) the number of shares of common stock to be issued is, or will be upon issuance, equal to or in excess of 20 percent of the number of shares of common stock outstanding before the issuance of the common stock or of securities convertible into or exercisable for common stock.

- If the issuance will result in a change of control of the issuer.

The policy underlying these requirements is that shareholders should have the right to vote on any issuance of common stock that is materially dilutive of either their voting or economic interest in the company. Nasdaq has similar shareholder approval requirements to those of the NYSE. However, Nasdaq exempts limited partnerships ("LPs") from those requirements,⁶ which the Exchange believes has placed it at a significant disadvantage in competing with Nasdaq for initial public offerings and transfers of LPs. To be treated as a partnership for federal tax purposes, an LP must ensure that 90% of its income is derived from "qualified sources," which generally refers only to income derived from natural resource-related activities. Most listed LPs are engaged in energy-related businesses. The typical business model of LPs in the energy industry is to use their capital to acquire assets (e.g., pipelines) that produce predictable revenue streams and to commit in their partnership agreements to distribute most of their profits to the LP's unit holders. These LPs acquire assets frequently on an opportunistic basis and pay for them by issuing additional LP units. The Exchange believes that the ability of an LP listed on Nasdaq to issue additional LP units without the expense and uncertainty of obtaining shareholder approval provides Nasdaq with a significant advantage over the Exchange in attracting and retaining listings of LPs.

The Exchange believes that an analysis of the policies regarding voting

and economic dilution underpinning its shareholder approval requirements demonstrates that it is appropriate to exempt LPs from their application. Listed LPs generally provide very limited voting rights to their unit holders. Typically, control of the LP resides with the general partner ("GP") and the LP's board is that of the GP. The owner of the GP appoints the board and the common unit holders of the LP have no voting rights with respect to the election of directors. LP partnership agreements generally provide that LP unit holders can vote only on a merger or dissolution of the LP or on any amendment to the partnership agreement that is adverse to their interests. As such, the Exchange believes that investors who buy LP units have no expectation that they will be able to vote and, therefore, the policy that shareholders should be able to vote on any stock issuances that are materially dilutive of their voting power is of less relevance to LPs than to regular corporations. Furthermore, because LP unit holders generally do not have the right to elect directors, most LPs do not hold annual meetings. Therefore, it would not be possible for an LP to arrange for shareholder approval to be obtained in conjunction with an annual meeting, as would be possible for a regular company. Rather, an LP would have to call a special meeting every time it needed approval of an issuance pursuant to the shareholder approval rules.

The Exchange also believes that the economic dilution concerns underpinning the shareholder approval rules are also less relevant in the case of LPs. Listed LPs typically are required under their partnership agreements to distribute almost all of their earnings to their unit holders and specify a minimum quarterly distribution that the LP is required to make. As such, LPs will only invest in new assets if they know that those assets will be sufficiently accretive to earnings to pay the minimum quarterly distribution required for the additional units that are sold to raise the capital to pay for those assets. A failure to pay the minimum quarterly distribution, or a reduction in the actual distribution level historically paid, would likely have a negative effect on the trading price of a listed LP, imposing a market discipline on management to ensure that any additional issuances will not be economically dilutive.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)⁷ of the Act in general, and furthers the objectives of Section 6(b)(5),⁸ 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 mechanisms of a free and open market and a national market system. The Exchange believes that the proposed rule change will increase competition among listing markets and will remove a competitive disadvantage the Exchange currently has vis a vis Nasdaq and is therefore designed to perfect the mechanism of a free and open market.

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

Written comments were neither solicited nor received.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

(A) By order approve such proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

⁶ See Nasdaq Marketplace Rule 4360 ("Qualitative Listing Requirements for Nasdaq Issuers That Are Limited Partnerships"), which does not include the shareholder approval requirements found in Nasdaq Marketplace Rule 4350 ("Qualitative Listing Requirements for Nasdaq Issuers That Are Not Limited Partnerships"). See also Securities Exchange Act Release No. 30811 (June 15, 1992); 57 FR 28542 (June 25, 1992) (SR-NASD-91-58) (approving the NASD's adoption of non-quantitative listing standards for partnerships, which did not include shareholder approval requirements). See also Securities Exchange Act Release No. 34533 (August 15, 1994); 59 FR 43147 (August 22, 1994) (SR-NASD-93-3) (approving the NASD's adoption of the predecessor rule to Rule 4360, which also did not include shareholder approval requirements for listed limited partnerships).

⁷ 15 U.S.C. 78f(b).

⁸ 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 rulecomments@sec.gov. Please include File Number SR-NYSE-2007-28 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-NYSE-2007-28. 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 NYSE. 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-NYSE-2007-28 and should be submitted on or before April 23, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Florence E. Harmon,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55537; File No. SR-NYSE-2007-30]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Rule 123D (Openings and Halts in Trading)

March 27, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 19, 2007, the New York Stock Exchange LLC ("NYSE" or the "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 Exchange. The NYSE has filed this proposal pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(5) thereunder,⁴ 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 NYSE proposes to amend NYSE Rule 123D(3) to establish that any orders received by the NYSE in a security subject to a "Sub-penny Trading" condition will be routed to NYSE Arca, Inc. ("NYSE Arca") and handled in accordance with the rules governing that market. The text of the proposed rule change is available at the Exchange's Office of the Secretary, on the Exchange's Web site at <http://www.nyse.com/Frameset.html?displayPage=http://apps.nyse.com/commdata/pub19b4.nsf/rulefilings?openview>, 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

Recently, the Exchange amended NYSE Rule 123D to add subsection (3),⁵ which provides for a non-regulatory trading halt on the NYSE when securities listed on the Exchange approach the price at which quoting and trading in sub-penny increments is permitted pursuant to SEC Rules.⁶

Pursuant to NYSE Rule 123D(3), whenever a security trading on the Exchange is reported on the consolidated tape during normal trading hours as having traded at a price of \$1.05 or less, or if a security would open on the Exchange at a price of \$1.05 or less, trading in the security on the Exchange shall be immediately halted due to a "Sub-penny Trading" condition. Once halted for such reason, trading shall not resume on the Exchange until the security has traded on another automated trading center as defined in Commission Rule 600(b)(4)⁷ for at least one entire trading day at a price or prices that are at all times at or above \$1.10. Any such resumption of trading shall occur at the beginning of a trading day, so that normal opening procedures can apply. In contrast to other trading halts described in NYSE Rule 123D, a "Sub-penny Trading" halt is automatic and does not require the approval of any Floor Officials. However, if a determination is made by a Floor Official that a trade that triggered a halt because of a "Sub-penny Trading" condition was made in error or otherwise was an anomaly, trading of the security on the Exchange will resume immediately.

The purpose of this filing is to amend NYSE Rule 123D(3) to reflect that orders entered with the Exchange in a security subject to a "Sub-penny Trading"

⁵ See Securities Exchange Act Release No. 55398 (March 5, 2007), 72 FR 11072 (March 12, 2007) (SR-NYSE-2007-25).

⁶ See Regulation NMS Rule 612, 17 CFR 242.612, which permits markets to accept bids, offers, orders and indications of interest in increments smaller than a \$0.01, but not less than \$0.0001, for stocks priced below \$1.00 per share and to quote and trade such stocks in sub-pennies. Markets may choose not to accept such bids, offers, orders or indications of interest and the NYSE has done so, maintaining a minimum trading and quoting variation of \$0.01 for all securities trading below \$100,000. See NYSE Rule 62.

⁷ See 17 CFR. 242.600(b)(4).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(5).

⁹ 17 CFR 200.30-3(a)(12).