

5. At all times, a majority of the Board will be Independent Trustees, and the nomination of new or additional Independent Trustees will be placed within the discretion of the then-existing Independent Trustees.

6. When a Sub-Adviser change is proposed for a Fund with an Affiliated Sub-Adviser, the Board, including a majority of the Independent Trustees, will make a separate finding, reflected in the applicable Board minutes, that such change is in the best interests of such Fund and its shareholders and does not involve a conflict of interest from which the Manager or the Affiliated Sub-Adviser derives an inappropriate advantage.

7. The Manager will provide general management services to each Fund, including overall supervisory responsibility for the general management and investment of the Fund's assets and, subject to review and approval of the Board, will: (i) Set each Fund's overall investment strategies; (ii) evaluate, select and recommend Sub-Advisers to manage all or a part of the Fund's assets; (iii) when appropriate, allocate and reallocate the Fund's assets among multiple Sub-Advisers; (iv) monitor and evaluate the investment performance of the Sub-Advisers; and (v) implement procedures reasonably designed to ensure compliance by the Sub-Advisers with the Fund's investment objectives, policies and restrictions.

8. No trustee or officer of the Trust, or director or officer of the Manager will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by such person) any interest in a Sub-Adviser except for: (i) Ownership of interests in the Manager or any entity that controls, is controlled by, or is under common control with the Manager; or (ii) ownership of less than 1% of the outstanding securities of any class of equity or debt of any publicly traded company that is either a Sub-Adviser or an entity that controls, is controlled by, or is under common control with a Sub-Adviser.

9. Each Fund will disclose in its registration statement the Aggregate Fee Disclosure.

10. Independent legal counsel, as defined in rule 0-1(a)(6) under the Act, will be engaged to represent the Independent Trustees. The selection of such counsel will be within the discretion of the then-existing Independent Trustees.

11. The Manager will provide the Board, no less frequently than quarterly, with information about the profitability of the Manager on a per-Fund basis. The

information will reflect the impact on profitability of the hiring or termination of any Sub-Adviser during the applicable quarter.

12. Whenever a Sub-Adviser is hired or terminated, the Manager will provide the Board with information showing the expected impact on the profitability of the Manager.

13. The requested order will expire on the effective date of rule 15a-5 under the Act, if adopted.

For the Commission, by the Division of Investment Management, under delegated authority.

**Nancy M. Morris,**  
*Secretary.*

[FR Doc. E7-161 Filed 1-9-07; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of January 8, 2007:

A Closed Meeting will be held on Thursday, January 11, 2007 at 2 p.m.

Commissioners, Counsels to the Commission, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (4), (5), (7), (8), (9)(B) and (10) and 17 CFR 200.402(a) (3), (4), (5), (7), (8), (9)(ii), and (10) permit consideration of the scheduled matters at the Closed Meeting.

Commissioner Nazareth, as duty officer, voted to consider the items listed for the closed meeting in closed session.

The subject matters of the Closed Meeting scheduled for Thursday, January 11, 2007 will be:

Formal orders of investigation; Institution and settlement of injunctive actions;

Institution and settlement of administrative proceedings of an enforcement nature;

An adjudicatory matter;

A regulatory matter regarding a financial institution;

Amicus consideration; and

Other matters relating to enforcement proceedings.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 551-5400.

Dated: January 4, 2007.

**Nancy M. Morris,**  
*Secretary.*

[FR Doc. 07-62 Filed 1-5-07; 4:15 pm]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55037; File No. SR-FICC-2006-10]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Approving Proposed Rule Change To Amend the Rules of Its Mortgage-Backed Securities Division Regarding Membership Requirements for Unregistered Investment Pools

January 3, 2007.

#### I. Introduction

On June 9, 2006, the Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-FICC-2006-10 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> Notice of the proposal was published in the **Federal Register** on November 24, 2006.<sup>2</sup> No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

#### II. Description

FICC is proposing to amend the rules of its Mortgage-Backed Securities Division ("MBSD") regarding the membership requirements of "Unregistered Investment Pools."<sup>3</sup> Currently, unregistered investment pools have essentially the same membership standards as other MBSD non-broker clearing members.<sup>4</sup> The size

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

<sup>2</sup> Securities Exchange Act Release No. 54769 (November 16, 2006), 71 FR 67946.

<sup>3</sup> As noted below, the term "Unregistered Investment Pool" is a newly-defined term in the MBSD's Rules.

<sup>4</sup> Currently, a clearing applicant or participant that is an unregistered investment pool and whose financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") must satisfy a minimum financial requirement of \$10 million in net asset value. In this filing, FICC is making a technical change to replace the term "net asset value" with the term

of the unregistered investment pool industry has grown, and Unregistered Investment Pools and their advisers have become significant participants in the industry. FICC reexamined its treatment of participants that are Unregistered Investment Pools and has determined it is necessary to enhance the clearing membership standards applicable to these entities.

FICC is proposing to adopt a definition for Unregistered Investment Pool, which will identify the entities that would become subject to the enhanced membership requirements for such entities. Under the new membership requirements, an Unregistered Investment Pool is an entity that holds a pool of securities and/or other assets that meets the following criteria: (i) It is not registered as an investment company under the Investment Company Act of 1940, (ii) it does not register its securities offerings under the Securities Act of 1933, and (iii) it has an investment advisor that is registered with the Commission under the Investment Advisers Act of 1940, or if the investment adviser is not registered, the Unregistered Investment Pool has a lock-up period of two (2) years or greater.

Entities that meet the definition of Unregistered Investment Pool will be eligible to apply to become MBSD clearing participants only if they meet the new membership criteria set forth below.<sup>5</sup> The MBSD's current participants that fall within the definition of Unregistered Investment Pool will have one year from the date of approval of this rule filing in which to conform to the new minimum financial and qualitative rating requirements.

The new membership requirements for Unregistered Investment Pools are as follows:

(1) *SEC Registration:* The investment advisor of the Unregistered Investment Pool must: (i) be registered with the Commission under the Investment Advisers Act of 1940 or (ii) if it is not registered with the Commission, the Unregistered Investment Pool that the investment adviser advises must have an initial lock-up period of two (2) years or greater.

(2) *Minimum Net Assets:* The Unregistered Investment Pool will be required to have and to maintain net

assets of \$250 million or greater.<sup>6</sup> If the Unregistered Investment Pool does not meet the \$250 million net asset requirement but the Unregistered Investment Pool has net assets of at least \$50 million<sup>7</sup> or greater, the Unregistered Investment Pool will be eligible for MBSD clearing membership if its investment advisor has assets under management of at least \$1.5 billion and advises an existing MBSD clearing participant.

(3) *Qualitative Rating:* The MBSD will require an Unregistered Investment Pool to obtain a minimum required rating of "above average" as a result of an FICC internal qualitative assessment. FICC believes it is important to consider qualitative factors in order to assess both Unregistered Investment Pool applicants and members.<sup>8</sup>

### III. Discussion

Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in its custody or control.<sup>9</sup> The Commission finds that FICC's proposed rule change is consistent with this requirement because by enhancing membership requirements for Unregistered Investment Pools, FICC should be better able to mitigate financial risk to itself and to its

<sup>6</sup> The \$250 million net assets requirement is the requirement that will be applicable to Unregistered Investment Pools whose financial statements are prepared in accordance with U.S. GAAP. Those Unregistered Investment Pools whose financial statements are prepared using other types of GAAP will be subject to the higher minimum requirements as determined by Article III, Rule 1, Section 2 of the MBSD's Rules.

<sup>7</sup> The \$50 million net assets requirement is the requirement that will be applicable to Unregistered Investment Pools whose financial statements are prepared in accordance with U.S. GAAP. Those Unregistered Investment Pools whose financial statements are prepared using other types of GAAP will be subject to the higher minimum requirements as determined by Article III, Rule 1, Section 2 of the MBSD's Rules.

<sup>8</sup> Staff in the MBSD's Risk Division will determine a qualitative rating for each Unregistered Investment Pool applicant and will review qualitative ratings of Unregistered Investment Pool members on an annual basis. The assessment will include consideration of factors deemed relevant by the Risk Division, including management, capital, strategy and risk profile, and internal controls. (Because responsibility for these factors with respect to a particular Unregistered Investment Pool may be with the Unregistered Investment Pool, with the investment advisor, with some other entity (*i.e.*, a third party service provider), or with some combination of these, Risk staff will perform the assessment for each factor with the entity or entities it deems appropriate.) The assessment will assess the strengths and weaknesses of these factors and will assign a qualitative rating to the Unregistered Investment Pool. In order to qualify for membership, Unregistered Investment Pools must meet a qualitative rating of at least "above average" as determined by the Risk Division's staff.

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

members and therefore should be better able to assure the safeguarding of securities and funds that are in its custody or control or for which it is responsible.

### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act<sup>10</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-FICC-2006-10) be and hereby is approved.<sup>11</sup>

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E7-158 Filed 1-9-07; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55033; File No. SR-NYSEArca-2006-75]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment Nos. 1 and 2 Relating to Trading Claymore MACROshares Oil Up Tradeable Shares and Claymore MACROshares Oil Down Tradeable Shares Pursuant to Unlisted Trading Privileges

December 29, 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 October 10, 2006, NYSE Arca, Inc. (the "Exchange"), through its wholly owned subsidiary NYSE Arca Equities, Inc. ("NYSE Arca Equities"), filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been substantially prepared by the Exchange. On November 9, 2006, the Exchange filed Amendment No. 1 to the proposed

<sup>10</sup> 15 U.S.C. 78q-1.

<sup>11</sup> In approving the proposed rule change, the Commission considered efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>12</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.

"net assets" to more accurately state the financial requirement.

<sup>5</sup> It is important to note that entities that meet the MBSD's definition of Unregistered Investment Pool will be treated as such by the MBSD regardless of whether the entity considers itself to be an Unregistered Investment Pool.