

investment objectives; and (d) such other information used or considered to be reasonable by such member or registered representative in making recommendations to the customer.

Purchases and Redemptions in Creation Unit Size

In the Information Circular referenced above, Amex members and member organizations will be informed that procedures for purchases and redemptions of Shares in Creation Units are described in each Fund's prospectus and SAI, and that Shares are not individually redeemable, but are redeemable only in Creation Unit aggregations or multiples thereof.

Surveillance

The Exchange represents that its surveillance procedures are adequate to properly monitor the trading of the Shares. Specifically, Amex will rely on its existing surveillance procedures governing Index Fund Shares, which have been deemed adequate under the Act. In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

Hours of Trading/Minimum Price Variation

The Funds will trade on the Exchange until 4:15 p.m. ET each business day. Shares will trade with a minimum price variation of \$.01.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁶⁷ in general, and furthers the objectives of Section 6(b)(5),⁶⁸ 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 regulating, clearing, settling, processing information with respect to, and facilitating transaction in securities, and, in general, to protect investors and the public interest.

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

The Exchange believes the proposed rule change, as amended, will impose no 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 did not receive any written comments on the proposed rule change, as amended.

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 Amex 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.

The Commission is considering granting accelerated approval of the proposed rule change, as amended, at the end of a 15-day comment period.⁶⁹

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. Please include File Number SR-Amex-2006-101 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-Amex-2006-101. 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 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-Amex-2006-101 and should be submitted on or before January 11, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷⁰

Nancy M. Morris,
Secretary.

[FR Doc. E6-22093 Filed 12-26-06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54963; File No. SR-CHX-2006-30]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Approving Proposed Rule Change To Permit Routing From the Matching System to a Destination Selected by a Participant

December 19, 2006.

I. Introduction

On October 19, 2006, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to permit CHX participants to identify a destination to which an order should be routed when its execution would improperly trade through other markets or its display would improperly lock or cross other markets. The proposed rule change was published for comment in

⁶⁷ 15 U.S.C. 78f(b).

⁶⁸ 15 U.S.C. 78f(b)(5).

⁶⁹ Amex has requested accelerated approval of this proposed rule change, as amended, prior to the 30th day after the date of publication of the notice of the filing thereof, following the conclusion of a 15-day comment period.

⁷⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

the **Federal Register** on October 30, 2006.³ The Commission received no comments regarding the proposal.

II. Description of the Proposal

The proposal would allow the Exchange to follow a participant's instructions to route an order to a destination of the participant's choice instead of cancelling the order back to the participant when an execution could not take place in the Matching System because the execution would improperly trade through another market⁴ or the display of an order would improperly lock or cross another market.⁵ The Exchange proposes to provide these routing services pursuant to a separate agreement between the Exchange and each participant on whose behalf orders would be routed. The participant would be responsible for ensuring that it has a relationship with its chosen destination to permit the requested access. The Exchange would not be involved in the execution of the order nor would the Exchange take responsibility for handling of the order by the destination selected by the participant.⁶ The Exchange, however, would report any execution or cancellation of the order by the destination to the participant that submitted the order and would notify the destination of any cancellations or changes to the order submitted by the order-sending participant. The Exchange's routing service would be a facility of the Exchange subject to the Exchange's rules and fees. The destinations chosen by each participant would not constitute Exchange facilities.

III. Discussion

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, and in particular, with Section 6(b)(5) of the Act,⁷ which requires, among other things, that the rules of a national securities exchange

be 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.⁸

The Commission believes that the proposed rule change may increase the efficiency of CHX participants in seeking to execute their customers' orders that are ineligible for execution or display in the CHX Matching System. In particular, orders that otherwise would be cancelled back to a participant may be sent directly to a destination chosen by the participant for handling. The Commission notes that fees and charges for the Exchange's routing service must be consistent with the Act,⁹ and the Exchange must provide its routing service in compliance with, among other things, the provisions of the Act requiring the rules of a national securities exchange not to permit unfair discrimination between customers, issuers, brokers, or dealers.¹⁰

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹¹ that the proposed rule change (SR-CHX-2006-30) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Florence E. Harmon,
Deputy Secretary.

[FR Doc. E6-22082 Filed 12-26-06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54964; File No. SR-FICC-2006-16]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change to Replace the Government Securities Division Clearing Fund Calculation Methodology With a Yield-Driven Value-at-Risk Methodology

December 19, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 4, 2006, the Fixed Income

Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") and on November 14, 2006, amended the proposed rule change as described in Items I, II, and III below, which items have been prepared by FICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

FICC is seeking to replace the Government Securities Division ("GSD") margin calculation methodology with a value-at-risk ("VaR") methodology.

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

In its filing with the Commission, FICC 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. FICC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.²

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

Netting members of FICC's GSD are required to maintain clearing fund deposits. Each member's required clearing fund deposit is calculated daily to ensure that enough funds are available to cover the risks associated with that member's activities.

The purposes served by the clearing fund are to: (i) have on deposit from each member clearing fund sufficient to satisfy any losses that may be incurred by FICC or its members resulting from the default by a member and the resultant close out of that member's settlement positions and (ii) ensure that FICC has sufficient liquidity at all times to meet its payment and delivery obligations.

FICC proposes to replace the current clearing fund methodology, which uses haircuts and offsets, with a VaR methodology that is expected to better reflect market volatility and more thoroughly distinguish the levels of risk presented by individual securities. Specifically, FICC is proposing to

² The Commission has modified the text of the summaries prepared by FICC.

³ See Securities Exchange Act Release No. 54642 (October 23, 2006), 71 FR 63372.

⁴ The Exchange's rules currently provide that the Exchange's Matching System will not execute an order if its execution would cause an improper trade-through of another ITS market or, when Regulation NMS is implemented, if its execution would be improper under Rule 611 of Regulation NMS (together, an "improper trade-through"). See CHX Article 20, Rule 5; see also 17 CFR 242.611.

⁵ The Exchange's rules currently provide that the Matching System will not display an order if its display would improperly lock or cross other markets. See CHX Article 20, Rule 6.

⁶ See CHX Article 20, Rule 5, proposed Interpretation and Policy .03(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition and capital formation. See 15 U.S.C. 78c(f).

⁹ See 15 U.S.C. 78f(b)(4).

¹⁰ See 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78s(b)(2).

¹² 17 CFR 200.30-3(a)(12).

¹³ 15 U.S.C. 78s(b)(1).