

available for inspection and copying at the Office of the Secretary of the Committee, currently located at the NYSEArca, 100 South Wacker Drive, Suite 1800, Chicago, IL 60606. 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 S7-24-89 and should be submitted on or before January 18, 2007.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Sections 12(f) and 11A of the Act<sup>12</sup> and paragraph (b)(4) of Rule 608 thereunder,<sup>13</sup> that the operation of the Plan, as modified by all changes previously approved, be, and hereby is, extended, for a period of 120 days from the date of publication of this Date Extension in the **Federal Register**.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54971; File No. SR-ISE-2006-65]

### Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fee Changes

December 20, 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 November 21, 2006, the International Securities Exchange, LLC ("Exchange" or "ISE") filed with the Securities and Exchange Commission the proposed rule change, as described in Items I, II, and III below, which items have been prepared by the Exchange. The ISE has designated this proposal as one establishing or changing a due, fee, or other charge imposed by the CBOE under Section 19(b)(3)(A)(ii) of the Act,<sup>3</sup> and Rule 19b-4(f)(2)

thereunder,<sup>4</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 from interested persons.

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

The ISE is proposing to amend its Schedule of Fees to establish fees for transactions in options on 3 Premium Products.<sup>5</sup> The text of the proposed rule change is available on the ISE's Web site (<http://www.iseoptions.com>), at the principal office of the ISE, 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 ISE 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 ISE 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 is proposing to amend its Schedule of Fees to establish fees for transactions in options on the following 3 Premium Products: streetTRACKS KBW Bank ETF ("KBE"), streetTRACKS KBW Capital Markets ETF ("KCE"), and streetTRACKS KBW Insurance ETF ("KIE").<sup>6</sup> Specifically, the Exchange is

<sup>1</sup> 17 CFR 240.19b-4(f)(2).

<sup>2</sup> Premium Products is defined in the Schedule of Fees as the products enumerated therein.

<sup>3</sup> The "KBW Bank Index<sup>sm</sup>", the "KBW Capital Markets Index<sup>sm</sup>", the "KBW Insurance Index<sup>sm</sup>", "KBW" and "Keefe, Bruyette & Wood<sup>sm</sup>" are service marks of Keefe, Bruyette & Woods, Inc.<sup>sm</sup>, and have been licensed for use by State Street bank and Trust in connection with the listing and trading of KBE, KCE, and KIE on the American Stock Exchange. KBE, KCE and KIE are not sponsored, sold or endorsed by Keefe, Bruyette & Woods, Inc. and Keefe, Bruyette & Woods, Inc. makes no representation regarding the advisability of investing in KBE, KCE and KIE. Keefe, Bruyette & Woods, Inc. has not licensed or authorized ISE to (i) engage in the creation, listing, provision of a market for trading, marketing, and promotion of options on KBE, KCE and KIE or (ii) to use and refer to any of their trademarks or service marks in connection with the listing, provision of a market for trading, marketing, and promotion of options on KBE, KCE and KIE or with making disclosures concerning options on KBE, KCE and KIE under any

proposing to adopt an execution fee and a comparison fee for all transactions in options on KBE, KCE and KIE.<sup>7</sup> The amount of the execution fee and comparison fee for products covered by this filing would be \$0.15 and \$0.03 per contract, respectively, for all Public Customer Orders<sup>8</sup> and Firm Proprietary orders. The amount of the execution fee and comparison fee for all ISE Market Maker transactions would be equal to the execution fee and comparison fee currently charged by the Exchange for ISE Market Maker transactions in equity options.<sup>9</sup> Finally, the amount of the execution fee and comparison fee for all non-ISE Market Maker transactions would be \$0.16 and \$0.03 per contract, respectively. All of the applicable fees covered by this filing are identical to fees charged by the Exchange for all other Premium Products. The Exchange believes the proposed rule change will further the Exchange's goal of introducing new products to the marketplace that are competitively priced.

###### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirement of Section 6(b)(4) of the Act<sup>10</sup> that an exchange have an equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities.

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

The ISE does not believe that the proposed rule change will impose any inappropriate burden on competition.

##### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

applicable federal or state laws, rules or regulations. Keefe, Bruyette & Woods, Inc. does not sponsor, endorse, or promote such activity by ISE and is not affiliated in any manner with ISE. KBE, KCE, and KIE constitute "Fund Shares," as defined by ISE Rule 502(h).

<sup>7</sup> These fees will be charged only to Exchange members. Under a pilot program that is set to expire on July 31, 2007, these fees will also be charged to Linkage Orders (as defined in ISE Rule 1900).

<sup>8</sup> Public Customer Order is defined in Exchange Rule 100(a)(33) as an order for the account of a Public Customer. Public Customer is defined in Exchange Rule 100(a)(32) as a person that is not a broker or dealer in securities.

<sup>9</sup> The execution fee is currently between \$.21 and \$.12 per contract side, depending on the Exchange Average Daily Volume, and the comparison fee is currently \$.03 per contract side.

<sup>10</sup> 15 U.S.C. 78f(b)(4).

<sup>12</sup> 15 U.S.C. 78l(f) and 15 U.S.C. 78k-1.

<sup>13</sup> 17 CFR 242.608(b)(4).

<sup>14</sup> 17 CFR 200.30-3(a)(27).

<sup>15</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)(ii).

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>11</sup> and Rule 19b-4(f)(2)<sup>12</sup> thereunder. 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 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](mailto:rule-comments@sec.gov). Please include File Number SR-ISE-2006-65 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-ISE-2006-65. 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 ISE. 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-ISE-2006-65 and should be submitted on or before January 18, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>13</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54952; File No. SR-NASD-2006-039]

### Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Granting Approval to Proposed Rule Change and Amendment Nos. 1 and 2 Thereto To Amend NASD Rules To Modify and Expand NASD's Authority To Initiate Trading and Quotation Halts in OTC Equity Securities

December 18, 2006.

#### I. Introduction

On March 22, 2006, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to: (1) Amend NASD rules to modify and expand NASD's authority to direct its members to halt trading and quotation in certain over-the-counter ("OTC") equity securities ("OTC Equity Securities");<sup>3</sup> and (2) adopt factors that NASD may consider in determining, in its discretion, whether to impose a trading and quotation halt in OTC Equity Securities. On May 23, 2006, NASD filed with the Commission Amendment No. 1 to the proposed rule change.<sup>4</sup> The proposed rule change, as amended, was published for comment in the **Federal Register** on June 7, 2006.<sup>5</sup> The Commission received one comment

letter in response to the proposal.<sup>6</sup> On November 8, 2006, NASD filed Amendment No. 2 to the proposed rule change.<sup>7</sup> The text of Amendment No. 2 to the proposed rule change is available on NASD's Web site at <http://www.nasd.com>, at NASD's Office of the Secretary, and at the Commission's Public Reference Room. This order approves the proposed rule change, as amended.

#### II. Description of the Proposal

NASD proposes to expand the scope of its authority with respect to trading and quotation halts in OTC Equity Securities. Currently, NASD Rule 6545 provides NASD with limited trading and quotation halt authority solely for securities quoted on the OTC Bulletin Board ("OTCBB"). Specifically, under NASD Rule 6545, NASD can direct NASD members to halt trading and quotations in OTCBB securities only where: (1) The OTCBB security (or security underlying an OTCBB American Depositary Receipt ("ADR")) is listed on or registered with a foreign securities exchange or market and the foreign securities exchange or market or regulatory authority halts trading in the security; (2) the OTCBB security (or the security underlying the OTCBB ADR) is a derivative or component of a security listed on or registered with The NASDAQ Stock Market LLC or a national securities exchange or foreign securities exchange or market and that exchange or market halts trading in the underlying security; or (3) the issuer of the OTCBB security (or security underlying the OTCBB ADR) fails to comply with the requirements of Rule 10b-17 under the Act.<sup>8</sup> NASD Rule 6545 provides NASD with authority to halt trading and quotations of OTCBB securities in the foregoing

<sup>6</sup> See Letter from R. Cromwell Coulson, Chief Executive Office, Pink Sheets LLC ("Pink Sheets"), to Nancy M. Morris, Secretary, Commission, dated July 10, 2006.

<sup>7</sup> In Amendment No. 2, which supplemented the proposed rule change as filed, NASD made typographical, non-substantive changes to the rule text contained in the proposed rule change. Two of the technical changes that are the subject of Amendment No. 2 were incorporated into the rule text that was published in the Notice. See Notice, *supra* note 5, at note 5 and accompanying text (citing to a conversation between Kosha Dalal, Associate General Counsel, NASD, and Tim Fox, Special Counsel, Division of Market Regulation, Commission, on June 1, 2006). In addition, in Amendment No. 2, NASD responded to the comments raised in the Pink Sheets Letter. In light of the purely technical nature of Amendment No. 2, the Commission is not publishing Amendment No. 2 for public comment.

<sup>8</sup> 17 CFR 240.10b-17. Rule 10b-17 generally requires the issuer of a class of publicly-traded securities to provide NASD with notice no later than 10 days prior to the record date of a dividend or distribution.

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(2).

<sup>13</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 NASD Rule 6610(d).

<sup>4</sup> Amendment No. 1 replaced and superseded the original rule filing in its entirety.

<sup>5</sup> See Securities Exchange Act Release No. 53920 (June 1, 2006), 71 FR 33026 ("Notice").