

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6(b) of the Act,<sup>10</sup> in general, and furthers the objectives of section 6(b)(4) of the Act,<sup>11</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among Amex members and other persons using Amex facilities.

### 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 with respect to the proposed rule change.

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

The foregoing proposed rule change has been designated as a fee change pursuant to section 19(b)(3)(A)(ii) of the Act<sup>12</sup> and Rule 19b-4(f)(2)<sup>13</sup> thereunder, because it establishes or changes a due, fee, or other charge imposed by the Exchange. Accordingly, the proposal will take effect upon filing with the Commission. 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

and other persons using its facilities. See 15 U.S.C. 78f(b)(4).

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

<sup>11</sup> 15 U.S.C. 78f(b)(4).

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>13</sup> 17 CFR 240.19b-4(f)(2).

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Amex-2006-59 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-2006-59. 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 Amex. 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-2006-59 and should be submitted on or before July 21, 2006.

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

**Nancy M. Morris,**

Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54039; File No. SR-Amex-2006-58]

### Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing of a Proposed Rule Change Relating to an Amendment to Amex Rule 27

June 23, 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 June 9, 2006, the American Stock Exchange LLC ("Amex" or "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 prepared by Amex. 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 Amex Rule 27 to revise the number and composition of the Allocation Committee (the "Allocations Committee" or the "Committee").

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

The text of the proposed rule change also appears below. Proposed new language is *italicized*; proposed deletions are in [brackets].

#### Rule 27. Allocations Committee

(a) The Allocations Committee allocates equity securities of operating companies, equity options admitted to dealings on the Exchange and all other securities to be admitted for trading on the Exchange. It consists of [six] *eight* persons drawn from a roster of approximately 75 persons and is comprised as follows: the Chief Executive Officer (or his or her designee), a representative of an upstairs member firm and either (i) [four (4)] *six (6)* brokers for equities and other securities admitted to trading on the Exchange except for Exchange Traded Funds and options; (ii) [two (2)] *three (3)* brokers and [two (2)] *three (3)* Registered Traders for Exchange Traded Funds; or (iii) [two (2)] *three (3)* brokers and [two (2)] *three (3)* Registered

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

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

<sup>14</sup> 17 CFR 200.30-3(a)(12).

Options Traders for options. The Allocations Committee is chaired by the Chief Executive Officer (or his or her designee) who does not vote except to make or break a tie. In the absence of the Chief Executive Officer (or his or her designee), a Floor Governor or a Senior Floor Official may chair the Committee. The minimum quorum for the transaction of business by the Allocations Committee shall be four persons. The upstairs member firm representative may attend meetings by telephone.

(b) through (i) No Change.

Commentary \* \* \*

.01 through .05 No Change.

## 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 Amex 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 Amex 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 change the number and composition of the Allocation Committee from six (6) to eight (8) members. Currently, the Committee consists of the Chief Executive Officer (or his or her designee), a representative of an upstairs member firm and either: (i) Four (4) brokers for equities and other securities admitted to trading on the Exchange except for Exchange Traded Funds and options; (ii) two (2) brokers and two (2) Registered Traders for Exchange Traded Funds; or (iii) two (2) brokers and two (2) Registered Options Traders for options. The Exchange proposes an amendment to Amex Rule 27 to revise the number and composition of the Allocations Committee so that the Committee consists of the Chief Executive Officer of the Exchange (or his or her designee), a representative of an upstairs member firm and either: (i) Six (6) brokers for equities and other securities admitted to trading on the Exchange except for Exchange Traded Funds and options; (ii) three (3) brokers and three (3) Registered Traders for Exchange Traded Funds; or (iii) three (3)

brokers and three (3) Registered Options Traders for options. The minimum quorum requirement would remain at four (4) persons.<sup>3</sup>

Article II, Section 3 of the Amex Constitution provides the Board of Governors ("Board") with the authority to allocate and reallocate the equity securities of operating companies ("equities"), options and other securities listed on the Exchange. The Board, in connection with the allocation and reallocation of equities, Exchange Traded Funds, options and other securities admitted to trading on the Exchange, has delegated this authority to the Allocations Committee.<sup>4</sup> In October 2005, the Commission approved an Exchange proposal to combine the separate Equities Allocation Committee, Options Allocation Committee and Special Allocation Committee into one (1) Allocations Committee.<sup>5</sup> Pursuant to the Approval Order, the number and composition of the Allocations Committee was changed from eleven (11) to the current six (6) members.

The Exchange states that the experience of the Exchange to date has revealed that due to the smaller number of members of the Allocations Committee, the minimum quorum requirement of four (4) persons to conduct business has become overly burdensome. In many cases, the Allocations Committee fails to meet the minimum quorum requirement to transact business. Accordingly, the Exchange believes that this proposal to increase the number of Allocations Committee Members from the current six (6) to eight (8) will provide greater flexibility and efficiency in the securities allocation process.

The Exchange believes that this proposal is necessary because of the difficulty in meeting the minimum quorum requirement with a reduced number of Committee members adopted in October 2005. Accordingly, the Exchange believes that the proposed change to the number and composition of the Allocations Committee is needed to ensure that the Allocations Committee is better able to meet the minimum quorum requirement.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with

<sup>3</sup> The Commission notes that the Allocations Committee is chaired by the Chief Executive Officer (or his or her designee) who does not vote except to make or break a tie. See Amex Rule 27(a).

<sup>4</sup> See Amex Rule 27(a).

<sup>5</sup> See Securities Exchange Act Release No. 52646 (October 20, 2005), 70 FR 61854 (October 26, 2005) ("Approval Order").

the provisions of section 6(b) of the Act,<sup>6</sup> in general, and with section 6(b)(5) of the Act,<sup>7</sup> 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 mechanism of a free and open market and a national market system.

### 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 did not receive any written comments on the proposed rule change.

## 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 self-regulatory organization 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:

### 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-Amex-2006-58 on the subject line.

<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

*Paper Comments*

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-Amex-2006-58. 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 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-2006-58 and should be submitted on or before July 21, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Nancy M. Morris,**

*Secretary.*

[FR Doc. 06-5906 Filed 6-29-06; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54040; File No. SR-Amex-2006-41]

### Self-Regulatory Organizations; American Stock Exchange LLC; Order Granting Approval to Proposed Rule Change and Amendment No. 1 and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 2 Relating to the Listing and Trading of Shares of the ProShares Trust

June 23, 2006.

#### I. Introduction

On April 28, 2006, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act" or "Exchange Act") a proposed rule change to list and trade of shares ("Index Fund Shares") based on the following four (4) new funds of the ProShares Trust (the "Trust"): Ultra Short 500 Fund; Ultra Short 100 Fund; Ultra Short 30 Fund; and the Ultra Short Mid-Cap 400 Fund (the "Funds"). On May 5, 2006, the Amex submitted Amendment No. 1 to the proposed rule change.<sup>2</sup> The proposed rule change, as amended by Amendment No. 1 thereto, was published for comment in the **Federal Register** on May 17, 2006.<sup>3</sup> The Commission received no comments on the proposal. On June 23, 2006, the Amex submitted Amendment No. 2 to the proposed rule change.<sup>4</sup> This order approves the proposed rule change, as amended. Simultaneously, the Commission provides notice of Amendment No. 2, grants accelerated approval of Amendment No. 2, and solicits comments from interested persons on Amendment No. 2.

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

<sup>2</sup> Amendment No. 1 ("Amendment No. 1") replaced the original filing in its entirety.

<sup>3</sup> See Securities Exchange Act Release No. 53784 (May 10, 2006), 71 FR 28721 ("Notice").

<sup>4</sup> In Amendment No. 2 ("Amendment No. 2"), the Exchange states that the Advisor (as defined below) has informed the Exchange that: (1) The net asset value ("NAV") for the Funds will be made available to all market participants at the same time; (2) if the NAV is not disseminated to all market participants at the same time, the Exchange will halt trading in the shares of the Funds; and (3) if the Fund temporarily does not disseminate the NAV to all market participants at the same time, the Exchange will immediately contact the Commission staff to discuss measures that may be appropriate under the circumstances.

#### II. Description of the Proposed Rule Change

The Exchange, pursuant to Amex Rule 1000A(b)(2), proposes to list and trade the Funds that seek to provide investment results that correspond to twice (or two times) the inverse or opposite (-200%) of the index's performance.

Amex Rules 1000A *et seq.* provide standards for the listing of Index Fund Shares, which are securities issued by an open-end management investment company for exchange trading. These securities are registered under the Investment Company Act of 1940 ("1940 Act"), as well as under the Act. Index Fund Shares are defined in Amex Rule 1000A(b)(1) as securities based on a portfolio of stocks or fixed income securities that seek to provide investment results that correspond generally to the price and yield of a specified foreign or domestic stock index or fixed income securities index.

Recent amendments adopting Amex Rule 1000A(b)(2) now permit the Exchange to list and trade, upon Commission approval, Index Fund Shares that seek to provide investment results that exceed the performance of an underlying securities index by a specified multiple or that seek to provide investment results that correspond to a specified multiple of the inverse or opposite of the index's performance, if the Exchange files separate proposals under section 19(b)<sup>5</sup> of the Act, before listing and trading. Accordingly, consistent with Amex Rule 1000A(b)(2), the Exchange now proposes to list and trade Index Fund Shares seeking investment results that correspond to twice the inverse of the underlying index's performance.

The Commission recently approved the listing and trading on Amex of the Bullish and Bearish Funds (Ultra500 Fund; Ultra100 Fund; Ultra30 Fund; Ultra Mid-Cap 400 Fund; Short500Fund; Short100 Fund; Short30 Fund; and Short Mid-Cap 400 Fund).<sup>6</sup> In particular, the Original Order provides that the Bearish Funds seek to provide investment results that correspond to the inverse of the relevant underlying index's performance. The Exchange's proposal seeks to expand the Bearish Fund offerings by permitting certain Index Fund Shares to such investments results that are two (2) times the inverse of the index.

The Exchange proposes to list under Amex Rule 1000A, the shares of the

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

<sup>6</sup> See Securities Exchange Act Release No. 52553 (October 3, 2005), 70 FR 59100 (October 11, 2005) ("Original Order").

<sup>8</sup> 17 CFR 200.30-3(a)(12).