

approved as SR-CBOE-2005-06, rather than SR-CHX-2005-06. Accordingly, Part V of the Release should be revised to read as follows:

*“It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>1</sup> that the proposed rule change (SR-CHX-2005-06), as amended, is approved.”*

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>2</sup>

Nancy M. Morris,  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54619; File No. SR-FICC-2006-07]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating To Providing Certain Reports to its Members

October 18, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> notice is hereby given that on April 21, 2006, the Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) and on June 2, 2006, amended the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by FICC. 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 proposed rule change would clarify the frequency of certain reports that FICC will provide to its members.

#### 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 such statements.<sup>2</sup>

#### A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to further harmonize the rules of The Depository Trust & Clearing Corporation’s clearing agency subsidiaries. In this filing, FICC proposes to conform the rules of both its divisions, the Government Securities Division and the Mortgage Backed Securities Division (“MBSD”), regarding providing FICC’s financial reports to members to the equivalent rule of The Depository Trust Company (“DTC”).<sup>3</sup> The revised rules would state that quarterly unaudited financial statements would only be provided to members for the first three quarters of the calendar year.<sup>4</sup> In addition, although FICC would delete the time frames for providing the financial reports from its rules (in conformity to DTC’s rule), FICC would nevertheless continue to make its annual audited financial statements available to its members within 60 days of the fiscal year end and would continue to make its quarterly unaudited financial statements available within 30 days of the quarter end.<sup>5</sup>

FICC also proposes to change the time frame in Article V, Rule 5, Section 3 of MBSD’s Clearing Rulebook and EPN Rulebook regarding its providing to its members with the independent auditors’ annual study and evaluation of MBSD’s internal accounting controls. While FICC proposes to delete these rule provisions in their entirety, FICC would make this study and evaluation available to its members within a reasonable time after it receives it from its independent accountants, which is exactly the practice for DTC.

FICC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>6</sup> and the rules and regulations thereunder because it is a change that does not adversely affect the safeguarding of securities or funds in the custody or control of FICC or for which it is responsible.

<sup>2</sup> The Commission has modified the text of the summaries prepared by FICC.

<sup>3</sup> DTC Rule 15.

<sup>4</sup> An annual audited financial statement is provided to members after the last calendar quarter of each year.

<sup>5</sup> FICC will post the information on its website within the requisite time frames.

<sup>6</sup> 15 U.S.C. 78q-1.

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

FICC does not believe that the proposed rule change will have any impact or impose any burden on competition.

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

FICC has not solicited or received written comments relating to the proposed rule change. FICC will notify the Commission of any written comments it receives.

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

Within thirty-five 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 ninety 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, 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](mailto:rule-comments@sec.gov). Please include File No. SR-FICC-2006-07 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 No. SR-FICC-2006-07. 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/>

<sup>1</sup> 15 U.S.C. 78s(b)(2).

<sup>2</sup> 17 CFR 200.30-3(a)(12).

<sup>3</sup> 15 U.S.C. 78s(b)(1).

*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 Section, 100 F Street, NE., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at FICC's principal office and on FICC's Web site at <http://www.ficc.com/gov/gov.docs.jsp?NS-query=>. 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 submission should refer to File No. SR-FICC-2006-07 and should be submitted on or before November 15, 2006.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**J. Lynn Taylor,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54617; File No. SR-NASD-2006-118]

### Self-Regulatory Organizations: National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Date by Which Eligible Registrants Must Complete Firm-Element Continuing Education To Qualify To Engage in a Security Futures Business

October 17, 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 16, 2006, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NASD. NASD

filed the proposed rule change pursuant to paragraph (f)(6) of Rule 19b-4 under the Act,<sup>3</sup> which renders the proposal effective upon filing with the Commission.<sup>4</sup> 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

NASD proposes to amend NASD Rule 1022 (Categories of Principal Registration) and NASD Rule 1032 (Categories of Registered Representatives) to extend to December 31, 2009 the date by which eligible registrants must complete a firm-element continuing education to qualify to engage in a security futures business. Below is the text of the proposed rule change. The text of the proposed rule change is available at the Commission's Public Reference Room, at NASD, and at <http://www.nasd.com>.

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

In its filing with the Commission, NASD 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. NASD 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

In 2003, NASD modified the following registration categories to include the activities of engaging in and supervising securities futures: (1) Registered Options and Security Futures Principal (the Series 4); (2) Limited Principal—General Securities Sales Supervisor (Series 9/10); (3) General Securities Representative (Series 7), and (4) Limited Representative—Options and Security Futures Series (Series 42). NASD also required that persons currently registered or becoming registered in these categories complete a firm-element continuing education requirement addressing security futures

before they conducted any security futures business. NASD instituted this continuing education requirement to ensure that registered personnel, who may not be familiar with risks, trading characteristics, terms and nomenclature of these products, or the fact that they are subject to the joint jurisdiction of the SEC and the Commodity Futures Trading Commission, receive the necessary training.

NASD initially considered replacing the firm-element continuing education requirement with revised qualification examinations for these categories that addressed security futures. However, there are no revision plans at present. Accordingly, NASD intends to continue to require eligible registrants to complete the mandated continuing education requirement before engaging in any security futures business. Thus, NASD proposes to amend NASD Rule 1022 (Categories of Principal Registration) and NASD Rule 1032 (Categories of Representative Registration) to change the date by which eligible registrants must complete the firm-element continuing education requirement to engage in a security futures business from December 31, 2006 to December 31, 2009.

###### 2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>5</sup> which requires, among other things, that NASD rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. The proposed rule change is necessary to continue to allow eligible registrants to complete a firm-element continuing education that will qualify them to engage in a security futures business.

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

NASD does not believe that the proposed rule change will result in 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.

<sup>7</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> 17 CFR 240.19b-4(f)(6).

<sup>4</sup> NASD gave the Commission written notice of its intention to file the proposed rule change on October 10, 2006.

<sup>5</sup> 15 U.S.C. 78o-3(b)(6).