prospectuses and prospectus supplements. Currently, the rule permits householding of all prospectuses by an issuer, underwriter, or dealer relying on the rule if, in addition to the other conditions set forth in the rule, the issuer, underwriter, or dealer has obtained from each investor written or implied consent to householding.[2] The rule requires issuers, underwriters, or dealers that wish to household prospectuses with implied consent to send a notice to each investor stating that the investors in the household will receive one prospectus in the future unless the investors provide contrary instructions. In addition, at least once a year, issuers, underwriters, or dealers, relying on Rule 154 for the householding of prospectuses, must explain to investors who have provided written or implied consent how they can revoke their consent. Preparing and sending the initial notice and the annual explanation of the right to revoke are collections of information.

The rule allows issuers, underwriters, or dealers to household prospectuses and prospectus supplements if certain conditions are met. Among the conditions with which a person relying on the rule must comply are providing notice to each investor that only one prospectus will be sent to the household and, in the case of issuers that are open-end mutual funds, providing to each investor who consents to householding an annual explanation of the right to revoke consent to the delivery of a single prospectus to multiple investors sharing an address. The purpose of the notice and annual explanation requirements of the rule is to ensure that investors who wish to receive individual copies of shareholder reports are able to do so.

Although Rule 154 is not limited to investment companies, the Commission believes that it is used mainly by open-end mutual funds and by broker-dealers that deliver prospectuses for open-end mutual funds. The Commission is unable to estimate the number of issuers other than mutual funds that rely on the rule.

The Commission estimates that there are approximately 2,400 open-end mutual funds, approximately 200 of which engage in direct marketing and therefore deliver their own prospectuses. The Commission estimates that each direct-marketed mutual fund will spend an average of 20 hours per year complying with the notice requirement of the rule, for a total of 4,000 hours. The Commission estimates that each direct-marketed fund will also spend 1 hour complying with the explanation of the right to revoke requirement of the rule, for a total of 200 hours. The Commission estimates that there are approximately 361 broker-dealers that carry customer accounts and, therefore, may be required to deliver mutual fund prospectuses. The Commission estimates that each affected broker-dealer will spend, on average, approximately 20 hours complying with the notice requirement of the rule, for a total of 7,220 hours. Each broker-dealer will also spend 1 hour complying with the annual explanation of the right to revoke requirement, for a total of 361 hours. Therefore, the total number of respondents for Rule 154 is 561 (200 mutual funds plus 361 broker-dealers), and the estimated total hour burden is 11,781 hours (4,200 hours for mutual funds plus 7,581 hours for broker-dealers).

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

Written comments are invited on: (a) Whether the collections of information are necessary for the proper performance of the functions of the Commission, including whether the information has practical utility; (b) the accuracy of the Commission's estimate of the burden of the collections of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collections of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to R. Corey Booth, Director/Chief Information Officer, Securities and Exchange Commission, C/O Shirley Martinson, 6432 General Green Way, Alexandria, VA 22312; or send an e-mail to: *PRA_Mailbox@sec.gov.*

Dated: November 15, 2006.

Nancy M. Morris,

Secretary.

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BILLING CODE 8011–01–P

[2] Rule 154 permits the householding of prospectuses that are delivered electronically to investors only if delivery is made to a shared electronic address and the investors give written consent to householding. Implied consent is not permitted in such a situation. See Rule 154(b)(4).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54766; File No. S7–06–05]

Order Granting the New York Stock Exchange Inc.'s (n/k/a the New York Stock Exchange LLC) Application for an Exemption Pursuant to Section 36 of the Securities Exchange Act of 1934

November 16, 2006.

I. Introduction

On May 26, 2005, the Securities and Exchange Commission (the ''Commission'') received an application from the New York Stock Exchange, Inc. (n/k/a the New York Stock Exchange LLC) (''NYSE'' or ''Exchange'') [1] for an exemption pursuant to section 36 [2] of the Securities Exchange Act of 1934 (the ''Exchange Act''),[3] in accordance with the procedures set forth in Exchange Act Rule 0–12.[4] The NYSE has requested exemptive relief from section 12(a) of the Exchange Act [5] to permit its members and brokers or dealers to trade certain unregistered debt securities on its facilities.[6] On July 8, 2005, the Commission approved publication of a notice of the application submitted by the NYSE, a proposed exemption order,[7] and a proposed rule change by the NYSE that would incorporate the terms of the proposed exemption into the NYSE's rules.[8] We received 19 comment letters on the proposed exemption order.[9] The responses are discussed

[1] On October 17, 2006, the NYSE submitted an updated application to the Commission.

[2] 15 U.S.C. 78mm. Section 36 of the Exchange Act gives the Commission the authority to exempt any person, security or transaction from any Exchange Act provision by rule, regulation or order, to the extent that the exemption is necessary or appropriate in the public interest and consistent with the protection of investors.

[3] 15 U.S.C. 78a *et seq.*

[4] 17 CFR 240.0–12. Exchange Act Rule 0–12 sets forth procedures for filing applications for orders for exemptive relief pursuant to section 36.

[5] 15 U.S.C. 78l(a).

[6] The NYSE made its exemption request with regard to the Automated Bond System (''ABS''), an existing bond trading facility. Subsequently, the NYSE filed a proposed rule change, SR–NYSE–2006–37 (the ''NYSE Bonds Proposal''), to establish a new trading facility, NYSE Bonds, which would replace ABS. Accordingly, the Commission is granting the exemption described herein for use in conjunction with ABS and any successor bond trading facility, which would include NYSE Bonds, in the event that the NYSE Bonds Proposal is approved.

[7] *See* Release No. 34–51998 (July 8, 2005), 70 FR 40748 (July 15, 2005).

[8] *See* Release No. 34–51999 (July 8, 2005), 70 FR 41067 (July 15, 2005) (SR–NYSE–2004–69).

[9] The commenters are as follows: Bond Market Association; Representative Michael Castle; Mr. William Dolan; Mr. Donald Dueweke; Mr. Howard Friedman; Ms. Robyn Greene; Mr. Denis Kelleher; Mr. Ron Klein; Mr. Dennis J. Lehr; Multiple

Continued

more fully below. This order grants the NYSE's application for an exemption, subject to the conditions set forth below.

In connection with NYSE's request for an exemption, it has also proposed a rule change, SR–NYSE–2004–69, to establish rules for the trading of unlisted debt securities on the Exchange. The Commission, via authority delegated to the Division of Market Regulation, today is also approving that rule change,[10] as well as a rule change relating to trade reporting for transactions in unregistered debt securities proposed by the National Association of Securities Dealers, Inc. (''NASD'').[11]

II. Order Granting the New York Stock Exchange's Application for an Exemption Pursuant to Section 36 of the Securities Exchange Act of 1934

Section 12(a) of the Exchange Act provides in relevant part that ''[i]t shall be unlawful for any ''member, broker or dealer to effect any transaction in any security (other than an exempted security) on a national securities exchange unless a registration is effective as to such security for such exchange.'' Section 12(b) of the Exchange Act [12] dictates how the registration referred to in section 12(a) must be accomplished. Accordingly, all equity and debt securities that are not ''exempted securities'' or are not otherwise exempt from Exchange Act registration must be registered by the issuer under the Exchange Act before a member, broker or dealer may trade that class of securities on a national securities exchange.

Contrarily, brokers or dealers who trade debt securities otherwise than on a national securities exchange may trade debt securities regardless of whether the issuer registered that class of debt under the Exchange Act. This is so because Exchange Act registration for securities traded other than on a national securities exchange is required only for certain equity securities. In particular, section 12(g) of the Exchange Act,[13] the only Exchange Act provision other than section 12(a) to impose an affirmative Exchange Act registration requirement, requires the registration of equity securities exclusively.

As the Commission has stated in the past, we believe that this disparate regulatory treatment may have negatively and unnecessarily affected the structure and development of the debt markets.[14] In 1994, to reduce existing regulatory distinctions between exchange-traded debt securities and unlisted debt securities that trade in the ''over-the-counter'' (''OTC'') market, we adopted Exchange Act Rule 3a12–11.[15] Rule 3a12–11 provides for the automatic effectiveness of Form 8–A registration statements for exchange-traded debt securities, exempts exchange-traded debt from the borrowing restrictions under section 8(a) of the Exchange Act,[16] and exempts exchange-traded debt from certain proxy and information statement requirements under sections 14(a), (b) and (c) of the Exchange Act.[17] Despite these efforts, the vast majority of secondary trading of debt securities continues to occur in the OTC market, which suggests that there still may be regulatory impediments that need to be addressed.[18]

In addition, we have sought to increase the level of transparency in the public debt markets. We have long believed that price transparency in the U.S. capital markets is fundamental to promoting the fairness and efficiency of our markets.[19] In 1998, the Commission's staff conducted a review of the public debt markets and found that in the area of corporate debt securities, price transparency was deficient.[20] Following the staff's 1998 review, the NASD was encouraged to develop systems to receive and redistribute prices of transactions in corporate debt securities on an immediate basis.[21]

We view the exemptive relief requested by the NYSE as another step to improve the public debt markets. The Commission believes that granting the NYSE's application will serve the public interest by minimizing unnecessary regulatory disparity and promoting competition. Currently, unlike on a national securities exchange, broker-dealers may trade debt securities in the OTC market regardless of whether the issuer registered that class of debt under the Exchange Act. The exemption is designed to minimize that disparate regulatory treatment and promote competition between the corporate debt security markets. Moreover, the exemption may improve the existing level of transparency on the current OTC market.

At the same time, the conditions of the exemption serve to protect investors by minimizing any reduction in information available as a result of the exemption. Further, the conditions are designed to ensure that investors continue to have access to comprehensive public information about an issuer, including the issuer's detailed disclosure in a registration statement filed under the Securities Act of 1933 and accompanying trust indenture qualified under the Trust Indenture Act of 1939, and substantially all of the public information that would be available if the debt securities were registered under Section 12 of the Exchange Act.

We received 19 comment letters on the proposed exemption order. The commenters generally supported the proposed exemption. We have, however, added an additional condition to the exemption based on a response from the Bond Market Association (''BMA''). The BMA expressed concern that debt securities of an issuer that does not have equity securities listed on a national securities exchange, such as a wholly-owned subsidiary of an issuer of equity securities, would lose the exemption from state law regulation provided by Section 18 of the Securities Act [22] for ''covered securities'' if the

Markets, Inc.; the National Association of Securities Dealers, Inc.; NASDAQ Stock Market LLC; New York Stock Exchange LLC; Mr. Joseph Riveiro; Mr. David Russell Jr.; and Mr. Fred Siesel.

[10] *See* Release No. 34–54767 (November 16, 2006) (SR–NYSE–2004–69).

[11] *See* Release No. 34–54768 (November 16, 2006) (SR–NASD–2006–110).

[12] 15 U.S.C. 78*l*(b).

[13] 15 U.S.C. 78*l*(g). Section 12(g)(1) of the Exchange Act and Rule 12g–1 [17 CFR 240.12g–1] promulgated thereunder require an issuer to register a class of equity securities if the issuer of the securities, at the end of its fiscal year, has more than $10,000,000 in total assets and a class of equity securities held by 500 or more recordholders.

[14] *See* Release Nos. 34–34922 (November 1, 1994), 59 FR 55342 (November 7, 2004), and 34–34139 (June 1, 1994), 59 FR 29398 (June 7, 1994).

[15] 17 CFR 240.3a12–11.

[16] 15 U.S.C. 78h(a).

[17] 15 U.S.C. 78n(a), (b) and (c).

[18] The NYSE estimates that there are over 22,000 publicly offered corporate bond issues having a par value in excess of $3 trillion but only 8% of the $3 trillion par value is registered under the Exchange Act and so may be traded on the NYSE. *See* NYSE's request for exemptive relief. Letter to Jonathan G. Katz, Secretary, Commission, from Mary Yeager, NYSE, dated May 26, 2005. *See* Release No. 34–51998.

[19] *See* Testimony of Chairman Arthur Levitt Before the House Subcommittee on Finance and Hazardous Materials, Committee on Commerce, Concerning Transparency in the United States Debt Market and Mutual Fund Fees and Expenses (September 29, 1998).

[20] *Id.*

[21] *Id.*

[22] 15 U.S.C. 77r. Section 18 of the Securities Act preempts state regulation that would require the registration or qualification of covered securities, or registration or qualification of securities transactions that involve covered securities. Under Section 18, a security is a ''covered security'' if it is: (1) listed, or authorized for listing, on the NYSE or the American Stock Exchange, or listed, or authorized for listing, on the National Market System of the Nasdaq Stock Market (or any successor to such entities); (2) listed, or authorized for listing, on a national securities exchange (or tier or segment thereof) that has listing standards that the Commission determines by rule (on its own initiative or on the basis of a petition) are substantially similar to the listing standards applicable to securities described above; or (3) is a security of the same issuer that is equal in seniority or that is a senior security to a security described in the two preceding paragraphs.

NYSE unilaterally delisted debt securities eligible for trading under this exemption order. To address this concern, we have added a new condition to the order stating that the NYSE will delist a class of debt securities only if the issuer of the class of debt security does not object to the delisting. As the potential loss of covered security status under Section 18 of the Securities Act would be an unintended consequence of this exemption, this additional condition would allow an issuer with listed debt securities to maintain covered security status with respect to its securities at its option.

Another commenter, the NASDAQ Stock Market LLC, argued that limiting the bonds eligible to trade pursuant to this exemption exclusively to companies with equity listed on the NYSE, or their wholly-owned subsidiaries, would potentially be anti-competitive to other national securities exchanges. We do not believe this exemption will provide the NYSE with an unfair competitive advantage over other exchanges. Although the unlisted bonds that will trade on the ABS, and any successor bond trading facility pursuant to this exemption will not be eligible to trade on other exchanges pursuant to the unlisted trading privileges of Section 12(f) of the Exchange Act,[23] another exchange may petition the Commission for similar relief that would permit that exchange's members to trade unregistered debt securities on its facilities subject to the conditions imposed by the Commission in this order.

In granting this relief, we expect that the NYSE will design and implement all rules related to the relief in a manner that protects investors and the public interest and does not unfairly discriminate between customers, issuers, brokers or dealers. We view the exemptive relief requested by the NYSE as another step to improve the public markets and believe that granting the NYSE's application will minimize unnecessary regulatory disparity, promote competition and transparency in the public debt markets and is necessary and appropriate in the public interest and consistent with the protection of investors.

Accordingly, *it is ordered* pursuant to Section 36 of the Exchange Act that, under the terms and conditions set forth below, an NYSE member, broker or dealer may effect a transaction on the ABS, and any successor bond trading facility, in a debt security that has not been registered under Section 12(b) of the Exchange Act without violating Section 12(a) of the Exchange Act.[24] This exemption does not extend to any other section or provision of the Exchange Act.

For purposes of this order, a ''debt security'' is:

Any security that, if the class of securities were listed on the NYSE, would be listed under Sections 102.03 or 103.05 of the NYSE's Listed Company Manual. A debt security does not include any security that, if the class of securities were listed on the NYSE, would be listed under Sections 703.19 or 703.21 of the NYSE's Listed Company Manual. Provided, however, under no circumstances does a debt security include any security that is defined as an ''equity security'' under Section 3(a)(11) of the Exchange Act.

References to Sections 102.03, 103.05, 703.19, and 703.21 of the NYSE's Listed Company Manual are to those sections as in effect on January 31, 2005.

For purposes of this order, the following conditions must be satisfied:

(1) The issuer of the debt security has registered the offer and sale of such security under the Securities Act of 1933;[25]

(2) The issuer of the debt security, or the issuer's parent company if the issuer is a wholly-owned subsidiary,[26] has at least one class of common or preferred equity securities registered under Section 12(b) of the Exchange Act and listed on the NYSE;

(3) The transfer agent of the debt security is registered under Section 17A of the Exchange Act;[27]

(4) The trust indenture for the debt security is qualified under the Trust Indenture Act of 1939;[28]

(5) The NYSE has complied with the undertakings set forth in its exemptive application to distinguish between debt securities registered under Section 12(b) of the Exchange Act and listed on the NYSE and debt securities trading pursuant to this order; and

(6) The NYSE will delist a class of debt securities that are listed on the NYSE as of the date of this order only if the issuer of that class of debt security does not object to the delisting of those securities.

By the Commission.

Nancy M. Morris,

Secretary.

[FR Doc. E6–19738 Filed 11–21–06; 8:45 am]

BILLING CODE 8011–01–P

[23] 15 U.S.C. 78*l*(f). Section 12(f) of the Exchange Act permits a national securities exchange to extend unlisted trading privileges to any security that is listed and registered on a national securities exchange.

[24] As noted previously, NYSE members will be able to effect transactions on the NYSE in accordance with the terms of this exemption without violating NYSE rules only after SR–NYSE–2004–69 becomes effective.

[25] 15 U.S.C. 77a *et seq.*

[26] The terms ''parent'' and ''wholly-owned'' have the same meanings as defined in Rule 1–02 of Regulation S–X [17 CFR 210.1–02].

[27] 15 U.S.C. 78q–1.

[28] 15 U.S.C. 77aaa—77bbbb.

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 27554; 812–13311]

The GMS Group, LLC, *et al.*; Notice of Application

November 16, 2006.

AGENCY: Securities and Exchange Commission (''Commission'').

ACTION: Notice of an application under: (i) Section 6(c) of the Investment Company Act of 1940 (''Act'') for exemptions from sections 2(a)(32), 2(a)(35), 14(a), 19(b), 22(d), and 26(a)(2)(C) of the Act and from rules 19b–1 and 22c–1 under the Act; (ii) sections 11(a) and 11(c) of the Act for approval of certain exchange and rollover privileges and conversion offers; and (iii) sections 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit certain unit investment trusts (''UITs'') to: (i) Impose sales charges on a deferred basis and waive the deferred sales charge in certain cases; (ii) offer unitholders certain exchange and rollover privileges and conversion offers; (iii) publicly offer units without requiring the sponsor to take for its own account or place with others $100,000 worth of units; (iv) distribute capital gains resulting from the sale of portfolio securities within a reasonable time after receipt; and (v) sell portfolio securities of a terminating series of a UIT to a new series of that UIT.

APPLICANTS: The GMS Group, LLC (''Sponsor'' or ''The GMS Group''), the Patriot Trust (including the Patriot Trust, Insured Tax Free Bond Trust), any future registered UIT sponsored or co-sponsored by The GMS Group or an entity controlled by or under common control with The GMS Group (the future UITs, together with the above-specified UITs are ''Trusts'') and any presently outstanding or subsequently issued series of each Trust (each, a ''Series'').

FILING DATES: The application was filed on June 30, 2006, and amended on November 6, 2006. Applicants have agreed to file an additional amendment during the notice period, the substance of which is reflected in this notice.