

each year. The proposed rule change was published for comment in the **Federal Register** on December 7, 2006.<sup>3</sup> The Commission received no comments on the proposal. This order approves the proposed rule change.

## II. Description of the Proposed Rule Change

### A. Description of the Proposal

#### 1. Background

NYSE Rule 342 requires supervision of the offices, departments and business activities of members and member organizations. NYSE Rule 342.30 requires members and member organizations to prepare an Annual Report addressing specified compliance issues by April 1 of each year. The Exchange proposed to amend Rule 342.30 to require the report required pursuant to Rule 342.30(e)(iii) (the "Process Report") in connection with a member organization's CEO certification to be submitted to the member organization's board of directors and audit committee (if such committee exists) on or before April 1st of each year. The purpose of the rule change was to better harmonize the requirements of Rule 342.30 with those of NYSE Rule 354 ("Reports to Control Persons").

#### Background

##### Rule 342.30

Rule 342.30 requires each member not associated with a member organization and each member organization to file with the Exchange, by April 1st of each year, a report (the "Annual Report") outlining its supervision and compliance efforts in prescribed regulatory areas during the preceding year and assessing the adequacy of its ongoing compliance processes and procedures. The Annual Report submitted to the Exchange is also required to include, pursuant to Rule 342.30(e), a certification by the CEO of each member organization confirming that the member organization has in place processes to:

(A) Establish and maintain policies and procedures reasonably designed to achieve compliance with applicable Exchange rules and Federal securities laws and regulations;

(B) modify such policies and procedures as business, regulatory and legislative changes and events dictate; and

(C) test the effectiveness of such policies and procedures on a periodic

basis, the timing and extent of which is reasonably designed to ensure continuing compliance with Exchange and Federal securities laws and regulations.

Subsection (e)(iii) of Rule 342.30 requires these processes to be evidenced in the Process Report, which is to be reviewed by the CEO, the Chief Compliance Officer, and any other officers that the member organization may deem necessary to make the certification. Subsection (e)(iii) also requires the Process Report to be submitted to the member organization's board of directors and audit committee (if such committee exists), although the timing of this submission was not explicitly stated in the rule. Prior to the proposed rule change, the Exchange interpreted the rule to require the submission prior to CEO certification.

#### Rule 354

Subsection (a) of Rule 354 requires, in relevant part, that each member organization submit, by April 1st of each year, a copy of the Rule 342.30 Annual Report (also due to the Exchange by April 1st) to one or more of its control persons or, if the member organization has no control person, to the audit committee of its board of directors or its equivalent committee or group.

In order to better harmonize the Process Report submission requirements of Rule 342.30(e)(iii) with the Annual Report submission requirements of Rule 354(a), the Exchange proposed to amend Rule 342.30(e)(iii) to require each member organization to submit the Process Report to its board of directors and audit committee (if such committee exists) on or before April 1st of each year, consistent with the timing requirements of Rule 354(a) with respect to submission of the Annual Report. The Exchange stated that it believed that this would promote timely submission of the Process Report to member organizations' boards of directors and audit committees, while also serving the practical purpose of allowing member organizations to submit the Process Report together with the Annual Report so that the two may be reviewed as a single comprehensive package.

## III. Discussion

After careful review, the Commission finds that the proposed rule change is consistent with Section 6(b)<sup>4</sup> of the Act in general and Section 6(b)(5) of the Act<sup>5</sup> in particular, which require that the rules of the Exchange 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.<sup>6</sup> The proposed rule change promotes timely submission of substantive regulatory material to member organizations' governing bodies by coordinating the timing requirements of Rule 342.30(e)(iii) (Process Report) and Rule 354(a) (Submission of Annual Report to Control Persons). This should promote compliance by allowing member organizations' governing bodies to review both reports at the same time. The proposed rule change will also clarify the appropriate timing for submission of the Process Report and the Annual Report.

## V. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act<sup>7</sup> that the proposed rule change (SR-NYSE-2006-97) be, and hereby is, approved.

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

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55067; File No. SR-NYSE-2006-80]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Order Approving a Proposed Rule Change and Amendment No. 1 Relating to NYSE Rule 1300 (Gold Shares) and NYSE Rule 51 (Hours of Business)

January 9, 2007.

## I. Introduction

On October 2, 2006, the New York Stock Exchange LLC ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, as amended ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend NYSE Rule 1300 (Gold Shares) and NYSE Rule 51 (Hours for Business) to allow streetTRACKS® Gold Shares ("Gold Shares") to open for

<sup>6</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</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 Exchange Act Release No. 54847 (November 30, 2006), 71 FR 71012 (December 7, 2006) (the "Notice").

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

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

trading at 8:20 a.m. On November 6, 2006, the Exchange filed Amendment No. 1.<sup>3</sup> The proposed rule change, as amended, was published for comment in the **Federal Register** on November 28, 2006.<sup>4</sup> The Commission received no comments on the proposal. This order approves the proposed rule change, as modified by Amendment No. 1.

## II. Description of the Proposal

The Exchange proposed to amend NYSE Rule 1300 (Gold Shares) and NYSE Rule 51 (Hours for Business) to allow Gold Shares to open for trading at 8:20 a.m.<sup>5</sup> Gold Shares represent units of fractional undivided interest in and ownership of the streetTRACKS® Gold Trust (the "Trust"). The Trust holds gold bullion and the investment objective of the Trust is to reflect the performance of the price of gold bullion, less the Trust's expenses.

Except for the new opening time, trading in Gold Shares will operate as it does today. The current assigned specialist will continue as the assigned specialist and the stock will continue to trade at its current post and panel. All Exchange systems will be operative beginning at 8:20 a.m. and throughout the trading day including those systems that provide audit trail information. The Exchange surveillances that currently operate during market hours will be in place to coincide with the 8:20 a.m. opening. Further, either a Floor Governor or two Floor Officials will be available upon the 8:20 a.m. opening. All Exchange Rules will apply upon the open at 8:20 a.m. and throughout the trading day.

The Exchange represented that the updated spot price of gold and the Intraday Indicative Value ("IIV") for Gold Shares would be available at 8:20 a.m. on the Trust's Web site ([www.streettracksgoldshares.com](http://www.streettracksgoldshares.com)). The IIV is calculated by the Trust's Sponsor, World Trust Gold Services, LLC. The Exchange's Web site (<http://www.nyse.com>) provides a link to the Trust's Web site. The spot price of gold and the IIV on the Trust's Web site are subject to a 5 to 10 second delay.

## III. Discussion and Commission Findings

After careful consideration, the Commission finds that the proposed rule change, as amended, is consistent

with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>6</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>7</sup> which requires that an exchange have rules designed, among other things, 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.

The Exchange stated that it proposes to amend its Rules 1300 and 51 to allow the opening of Gold Shares for trading at 8:20 a.m. in order to remain competitive and in light of the fact that interest in commodity-based securities has increased. An 8:20 a.m. opening would coincide with the opening of COMEX® trading in gold futures and gold options and thus permit trading in Gold Shares to start at the same time as other gold-based instruments. The Commission believes that an 8:20 a.m. opening would give customers the opportunity to trade an equity product based on the price of gold from the time that gold futures and options on gold futures begin trading on the COMEX® and would, therefore, provide the Exchange customers with better opportunities for exercising their investment choices.

## IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>8</sup> that the proposed rule change (SR-NYSE-2006-80), as modified by Amendment No. 1, be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

**Nancy M. Morris,**

*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55072; File Nos. SR-NYSE-2006-78; SR-NASD-2006-113]

### Self-Regulatory Organizations; New York Stock Exchange LLC and the National Association of Securities Dealers, Inc.; Notice of Filing of Proposed Rule Changes To Amend NYSE Rules 472 and 344, and NASD Rules 1050 and 2711 Relating to Research Analyst Conflicts of Interest

January 9, 2007.

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 September 27, 2006, the New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change. On December 20, 2006, NYSE filed Amendment No. 1 to its proposed rule change.<sup>3</sup>

On September 27, 2006, the National Association of Securities Dealers, Inc. ("NASD") filed with the Commission the proposed rule change. On November 17, 2006, NASD filed Amendment No. 1 to its proposed rule change.<sup>4</sup>

The proposed rule changes are described in Items I, II, and III below, which Items have substantially been prepared by the NYSE and NASD (the "SROs"). The Commission is publishing this notice to solicit comments on the proposed rule changes, as amended, from interested persons.

#### I. Self-Regulatory Organizations' Statements of the Terms of Substance of the Proposed Rule Changes

The Exchange proposes to amend certain provisions of NYSE Rules 472 and 344. These amendments eliminate the exception for pre-publication factual verification review of research reports by non-research personnel; change the quiet periods surrounding securities offerings and the release of lock-up agreements; allow member organizations to develop policies and procedures if they choose to prohibit research analysts from holding securities for companies they cover; alter the format for certain disclosures in research reports; and extend the anti-retaliation prohibitions to all employees of a member organization, not just investment banking.

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

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

<sup>3</sup> NYSE Amendment No. 1 makes minor revisions to the original filing.

<sup>4</sup> NASD Amendment No. 1 makes minor revisions to the original filing.

<sup>3</sup> See Form 19b-4 dated November 6, 2006 ("Amendment No. 1"). Amendment No. 1 replaced the original filing in its entirety.

<sup>4</sup> See Securities Exchange Act Release No. 54801 (November 21, 2006), 71 FR 68870 (SR-NYSE-2006-80).

<sup>5</sup> Trading in Gold Shares has been offered on the Exchange since 2004.

<sup>6</sup> In approving this rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

<sup>8</sup> 15 U.S.C. 78s(b)(2).

<sup>9</sup> 17 CFR 200.30-3(a)(12).