

or her federal and state income tax returns and a report of the investment activities of such Fund during such year.

6. Each Fund and the Managers of each Fund will maintain and preserve, for the life of each Series of that Fund and at least six years thereafter, such accounts, books and other documents as constitute the record forming the basis for the audited financial statements and annual reports of such Series to be provided to its Fund Investors, and agree that all such records will be subject to examination by the Commission and its staff. All such records will be maintained in an easily accessible place for at least the first two years.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

**Florence E. Harmon,**  
*Deputy Secretary.*

[FR Doc. E7-6081 Filed 4-2-07; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of April 2, 2007:

An Open Meeting will be held on Wednesday, April 4, 2007 at 10 a.m. in the Auditorium, Room L-002.

The subject matter of the Open Meeting scheduled for Wednesday, April 4, 2007 will be:

The Commission will consider its staff's approach to (1) the Public Company Accounting Oversight Board's ("PCAOB") Proposed Auditing Standard—An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements; and (2) the PCAOB's Proposed Auditing Standard—Considering and Using the Work of Others in an Audit.

Commissioner Casey, as duty officer, determined that no earlier notice thereof was possible.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 551-5400.

Dated: March 29, 2007.

**Florence E. Harmon,**  
*Deputy Secretary.*

[FR Doc. E7-6124 Filed 4-2-07; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55544; File No. SR-Amex-2007-07]

### Self-Regulatory Organizations; American Stock Exchange LLC; Order Approving a Proposed Rule Change Revising Existing Rules for Portfolio Depository Receipts and Index Fund Shares

March 27, 2007.

#### I. Introduction

On January 11, 2007, the American Stock Exchange LLC ("Amex" or "Exchange") 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 proposal to revise its existing rules for portfolio depository receipts (Amex Rule 1000-AEMI) and index fund shares (Amex Rule 1000A-AEMI) to eliminate the methodology standards for eligible indexes. On January 25, 2007, the Amex submitted Amendment No. 1 to the proposed rule change. The proposed rule change, as modified by Amendment No. 1, was published for comment in the **Federal Register** on February 12, 2007 for a 15-day comment period.<sup>3</sup> The Commission received no comments regarding the proposal. On March 14, 2007, Amex filed Amendment No. 2 to the proposed rule change.<sup>4</sup> This order approves the proposed rule change, as amended.

#### II. Description of the Proposal

The purpose of this proposed rule change is to amend Amex's existing generic listing standards pursuant to Rule 19b-4(e) under the Act<sup>5</sup> for portfolio depository receipts ("PDRs") and index fund shares<sup>6</sup> to eliminate the

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

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

<sup>3</sup> See Securities Exchange Act Release No. 55240 (February 5, 2007), 72 FR 6624.

<sup>4</sup> Amendment No. 2 is a technical amendment, which revises the proposal to reflect the implementation of Amex's Auction and Electronic Market Integration ("AEMI") platform and corresponding adoption of Rules 1000-AEMI and 1000A-AEMI, which replace former Amex rules 1000 and 1000A. As such, it is not subject to notice and comment.

<sup>5</sup> 17 CFR 240.19b-4(e).

<sup>6</sup> PDRs and index fund shares are registered investment companies under the Investment

requirement that an eligible index be calculated and weighted following a specified methodology.

The Exchange currently has generic listing standards (within the meaning of Rule 19b-4(e) under the Act<sup>7</sup>), which permit the listing and trading of various qualifying ETFs subject to the procedures contained in Rule 19b-4(e). The existence of generic listing standards allows qualifying ETFs to list or trade without the need to file a rule change for each security. The generic listing standards for ETFs presently provide that eligible indexes be calculated based on the market capitalization, modified market capitalization, price, equal-dollar, or modified equal-dollar weighting methodology.<sup>8</sup> The proposed rule change would eliminate this standard, and, as a result, the Exchange would no longer consider index methodology in its review of an ETF's eligibility for listing and trading pursuant to Rule 19b-4(e) under the Act.<sup>9</sup>

#### III. Discussion

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange<sup>10</sup> and, in particular, the requirements of Section 6 of the Act.<sup>11</sup> Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>12</sup> which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, 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.

As the market for ETFs has grown, the variety of weighting and calculation methodologies for underlying indexes has also expanded, limiting the applicability of Amex's current generic ETF listing standards. The Commission believes that the proposed elimination of index methodology from its generic

Company Act of 1940 and are referred to in this filing as exchange traded funds ("ETFs").

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

<sup>8</sup> See Commentary .03(b)(i) to Amex Rule 1000-AEMI and Commentary .02(b)(i) to Amex Rule 1000A-AEMI.

<sup>9</sup> 17 CFR 240.19b-4(e).

<sup>10</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>11</sup> 15 U.S.C. 78f.

<sup>12</sup> 15 U.S.C. 78f(b)(5).

listing standards for ETFs would potentially reduce the time frame for bringing ETFs based on indexes with nontraditional weighting techniques to the market, thereby reducing the burdens on issuers and other market participants and promoting competition, without compromising investor protection.

The Commission notes that the generic listing standards for domestic indexes will continue to require, without limitation, that the most heavily weighted component stock of an index not exceed 30% of the weight of the index, and the five most heavily weighted component stocks of an index not exceed 65% of the weight of the index,<sup>13</sup> and that an index include a minimum of 13 component stocks.<sup>14</sup> Similarly, the generic listing standards for international or global indexes require, without limitation, that the most heavily weighted component stock of an index not exceed 25% of the weight of the index, and the five most heavily weighted component stocks of an index not exceed 60% of the weight of the index,<sup>15</sup> and that an index include a minimum of 20 component stocks.<sup>16</sup> Therefore, the Commission believes that indexes underlying ETFs will continue to be sufficiently broad-based in scope to minimize potential manipulation.

The Commission believes that the proposed rule change will enable the Exchange and issuers to benefit from the expected efficiencies resultant from this proposed rule change while at the same time still ensuring adequate protection for investors and the public in general.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>17</sup> that the proposed rule change (SR-Amex-2007-07), as amended, be, and is hereby approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>18</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E7-6083 Filed 4-2-07; 8:45 am]

**BILLING CODE 8010-01-P**

<sup>13</sup> See Commentary .03(a)(A)(3) to Amex Rule 1000-AEMI and Commentary .02(a)(A)(3) to Amex Rule 1000A-AEMI.

<sup>14</sup> See Commentary .03(a)(A)(4) to Amex Rule 1000-AEMI and Commentary .02(a)(A)(4) to Amex Rule 1000A-AEMI.

<sup>15</sup> See Commentary .03(a)(B)(3) to Amex Rule 1000-AEMI and Commentary .02(a)(B)(3) to Amex Rule 1000A-AEMI.

<sup>16</sup> See Commentary .03(a)(B)(4) to Amex Rule 1000-AEMI and Commentary .02(a)(B)(4) to Amex Rule 1000A-AEMI.

<sup>17</sup> 15 U.S.C. 78s(b)(2).

<sup>18</sup> 17 CFR 200.30-3(a)(12).

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55538; File No. SR-NASD-2007-018]

### Self-Regulatory Organizations: National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the NASD Rule 7000 Series To Delete References To Systems and Services That Will No Longer Be Provided by NASD

March 27, 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 March 1, 2007, the National Association of Securities Dealers, Inc. ("NASD") 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 substantially by NASD. NASD has designated this proposal as "establishing or changing a due, fee, or other charge" 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 the Substance of the Proposed Rule Change

NASD is proposing to amend the NASD Rule 7000 Series (Charges for Services and Equipment) to delete references to systems and services that will no longer be provided by NASD upon the operation of NASD's Alternative Display Facility (the "ADF") for non-Nasdaq exchange-listed securities, which is anticipated to be March 5, 2007. The Rule 7000 Series only will apply to NASD's OTC Bulletin Board Service, OTC Reporting Facility ("ORF") and Trade Reporting and Compliance Engine ("TRACE"). In this proposed rule change, NASD also is providing notice relating to the calculation of fees under Rule 7010 for use of NASD's Intermarket Trading System/Computer Assisted Execution Service (the "ITS/CAES System") on March 1 and 2, 2007, which will apply if the changes proposed herein are implemented on March 5, 2007 as anticipated. The text of the proposed

<sup>1</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).

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

rule change is available at NASD, the Commission's Public Reference Room, and 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

On June 30, 2006, the Commission approved SR-NASD-2005-087, which, among other things, proposed an implementation strategy for the operation of the Nasdaq Stock Market LLC (the "Nasdaq Exchange") as a national securities exchange for Nasdaq-listed securities during a transitional period.<sup>5</sup> On November 21, 2006, the Commission approved SR-NASD-2006-104, which, among other things, proposed amendments necessary to reflect the complete separation of The Nasdaq Stock Market Inc. ("Nasdaq") from NASD upon the operation of the Nasdaq Exchange as a national securities exchange for non-Nasdaq exchange-listed securities.<sup>6</sup> As described in SR-NASD-2006-135, for a transitional period, Nasdaq has continued to operate the SuperIntermarket (SiM) trading platform on NASD's behalf via the Transitional System and Regulatory Services Agreement, even upon commencement of the Nasdaq Exchange's operation as an exchange for non-Nasdaq exchange-listed securities on February 12, 2007.<sup>7</sup> Upon the operation of the ADF for non-Nasdaq exchange-listed securities, SiM

<sup>5</sup> See Securities Exchange Act Release No. 54084 (June 30, 2006), 71 FR 38935 (July 10, 2006) (order approving SR-NASD-2005-087).

<sup>6</sup> See Securities Exchange Act Release No. 54798 (November 21, 2006), 71 FR 69156 (November 29, 2006) (order approving SR-NASD-2006-104).

<sup>7</sup> See Securities Exchange Act Release Nos. 54984 (December 20, 2006), 71 FR 78245 (December 28, 2006) (notice of filing and immediate effectiveness of SR-NASD-2006-135) and 55274 (February 12, 2007), 72 FR 7785 (February 20, 2007) (notice of filing and immediate effectiveness of SR-NASD-2007-012).