

in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among Exchange Members and issuers and other persons using Exchange 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 has neither solicited nor received comments on 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) of the Act<sup>7</sup> and Rule 19b-4(f)(2) thereunder,<sup>8</sup> 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 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
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BSE-2007-21 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-BSE-2007-21. 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 at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the BSE. 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-BSE-2007-21 and should be submitted on or before July 11, 2007.

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

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

[FR Doc. E7-11883 Filed 6-19-07; 8:45 am]

**BILLING CODE 8010-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-55904; File No. SR-NYSE-2007-50]

### **Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend Its Current Revenue Sharing Program for Its Specialists for an Additional Three Months**

June 13, 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 May 31, 2007, the New York Stock Exchange LLC ("Exchange" or "NYSE") 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 substantially prepared by the Exchange. 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 extend its current revenue sharing program for its specialists for an additional three months (through August 31, 2007).

#### **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 Exchange included statements concerning the purpose of, and basis for, the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange 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 extend for an additional three months its current revenue sharing program for its specialists. The revenue sharing program was instituted<sup>3</sup> in connection with the Exchange's adoption of Rule 104B,<sup>4</sup> which prohibits specialists from charging commissions. The Exchange established the revenue sharing program for a six-month period commencing December 1, 2006, in order to partially offset the specialists' loss of commission revenues. In its original filing, the Exchange stated that it intended to adopt a revised revenue sharing program commencing June 1, 2007, that would provide variable payments to the specialist firms depending on performance. The Exchange is not yet ready to put this revised revenue sharing program in place and, in the interim, proposes to extend the current revenue sharing program for an additional three months commencing June 1, 2007.

<sup>3</sup> See Securities Exchange Act Release No. 54856 (December 1, 2006), 71 FR 71215 (December 8, 2006) (SR-NYSE-2006-106).

<sup>4</sup> See Securities Exchange Act Release No. 54850 (November 30, 2006), 71 FR 71217 (December 8, 2006) (SR-NYSE-2006-105).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(2).

<sup>9</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.

The Exchange will distribute a fixed amount of \$26.5 million among the specialists for the three-month period commencing on June 1, 2007, to be paid in three monthly installments. The Exchange will allocate this fixed amount in proportion to the rebates each of the specialist firms would have received in October 2006<sup>5</sup> if there had been a revenue sharing program in place utilizing the following two formulas:

(1) Each specialist firm would receive a rebate relating to that specialist firm's absolute market share for October 2006 in each of its specialty stocks if that market share exceeded 35%. A market share in a stock that was equal to or exceeded 35% would entitle a specialist to a rebate of (i) \$15 for each percentage point above or equal to 35% up to and including 50%, (ii) \$25 for each percentage point above 50% up to and including 65%, (iii) \$35 for each percentage point above 65% up to and including 80%, and (iv) \$45 for each percentage point above 80%. The following are examples of how this rebate would be paid:

- If Specialist X traded XYZ stock in which the Exchange had a 50% market share, it would receive \$225 per month, which is 15 (*i.e.*, the number of percentage points above 35%) multiplied by \$15.

- If Specialist X traded XYZ stock in which the Exchange had a 65% market share, it would receive \$600 per month, which is 15 (*i.e.*, the number of percentage points above 35% up to and including 50%) multiplied by \$15, plus 15 (*i.e.*, the number of percentage points above 50%) multiplied by \$25.

(2) Each specialist firm would receive a volume-weighted rebate for every share traded in October 2006 in a stock in which the Exchange had a greater than 35% market share. If the Exchange had a market share:

- Equal to or greater than 35% up to and including 50%, the rebate would be \$0.00013 per share.

- Greater than 50% up to and including 65%, the rebate would be \$0.00014 per share.

- Greater than 65% up to and including 80%, the rebate would be \$0.00015 per share.

- Greater than 80%, the rebate would be \$0.00016 per share.

The following are examples of how the volume-weighted rebate would be paid:

- If Specialist X traded XYZ stock in which the Exchange had a 50% market share, it would receive a rebate of \$0.00013 for every share traded above the 35% market share threshold.

- If Specialist X traded XYZ stock in which the Exchange had a 65% market share, it would receive a rebate of \$0.00013 per share for every share traded above the 35% market share threshold up to and including a 50% market share and then would receive \$0.00014 for every share above the 50% level.

The Exchange may alter the provisions of the revenue sharing program in the future in response to its experience with its application over time.<sup>6</sup>

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act<sup>7</sup> in general and furthers the objectives of Section 6(b)(4)<sup>8</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its 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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective upon filing pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and Rule 19b-(f)(2)<sup>10</sup> thereunder.

At any time within 60 days of the filing of the 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

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2007-50 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-NYSE-2007-50. 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 NYSE. 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-NYSE-2007-50 and should be submitted on or before July 11, 2007.

<sup>5</sup> The Exchange is using the specialist firms' performance in October 2006 as a basis for determining the amounts received by each firm because this was the period used for that purpose in connection with the initial six months of the revenue sharing program and the amount each specialist firm will receive each month will therefore remain unchanged.

<sup>6</sup> The Exchange will file a rule filing with the Commission pursuant to the Act and the rules thereunder in relation to any such changes prior to their implementation.

<sup>7</sup> 15 U.S.C. 78f.

<sup>8</sup> 15 U.S.C. 78f(b)(4).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 19b-(f)(2).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55908; File No. SR-NYSE-2007-51]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Rules 54 (“Dealings on Floor—Persons”) and 70 (“Bids and Offers”)

June 14, 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 June 8, 2007, the New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been substantially prepared by the Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder, which renders it 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

The Exchange is proposing to amend Exchange Rules 54 (“Dealings on Floor—Persons”) and 70 (“Bids and Offers”) to allow a member organization to operate its booth premise on the Exchange Floor in a manner similar to a member organization’s “upstairs” office, provided that the member organization has been approved to operate its booth in this manner by NYSE Regulation, Inc. (“NYSER”). The Exchange further proposes to make conforming amendments to Exchange Rules 6 (“Floor”), 112 (“Orders initiated Off the Floor”), 123 (“Records of Orders”), 132B (“Order Tracking Requirements”), and 134 (“Differences

and Omissions-Cleared Transactions”). The text of the proposed rule change is available at the Exchange, the Commission’s Public Reference Room, and <http://www.nyse.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, the Exchange 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 Exchange 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

NYSE is proposing to amend Exchange Rules 54 (“Dealings on Floor—Persons”) and 70 (“Bids and Offers”) to allow a member organization to operate its booth premise on the Exchange Floor in a manner similar to a member organization’s “upstairs” office, provided that the member organization has been approved to operate its booth in this manner by NYSER.

In this filing, the Exchange further proposes to make conforming amendments to Exchange Rules 6 (“Floor”), 112 (“Orders initiated Off the Floor”), 123 (“Records of Orders”), 132B (“Order Tracking Requirements”), and 134 (“Differences and Omissions-Cleared Transactions”).

*Operation of an “Upstairs” Office From a Floor Member’s Booth Premise.* As a result of the changes in the way in which trading occurs on the Exchange (and in the securities markets in general) due to, among other things, Regulation National Market System (“Regulation NMS”) and the Exchange’s operation of its Hybrid Market, the Exchange seeks to modify the Exchange rules that impede Floor broker member organizations from operating within its booth premises similar to a member organization’s “upstairs” office.

Although there is no Exchange rule that specifically prohibits a Floor broker member organization from operating within its booth premise in a manner

similar to its “upstairs” office,<sup>5</sup> the ability of a Floor broker member organization to operate its booth premises in this manner has been restricted by certain Exchange rules. For example, member organization staff operating out of such booth premises, who are not Exchange “members” are constrained in the way in which they are allowed to process orders sent to the booth, as Exchange Rule 54 limits the right to conduct business “on the Floor” to members.

The Exchange states that the impetus for the proposed amendment is the result of several factors. Competition from other market centers and the growth of alternative trading systems, coupled with increased internalization by broker-dealers, has challenged the dominance of the trading post as the centralized locus of the representation and execution of orders in a particular security. Recent statistics provide potent proof of this—there has been a 49% decrease in Floor broker share of total NYSE trading volume on the NYSE between the first quarter of 2006 and the first quarter of 2007. At the same time, the rapid dissemination of consolidated quote and trade information and real-time updates of the Exchange limit order book has increased exponentially the amount and accuracy of available information and the speed with which it is disseminated. These changes have not only impacted the way in which information is collected and processed, they have also increased competition for member organizations, which are continually searching for ways to provide more efficient and less costly service to their customers.

Therefore, the Exchange seeks to provide its Floor broker member organizations with the ability to access other markets<sup>6</sup> and trade a wider range of products from the Floor broker member organizations’ booth premises

<sup>5</sup> For example, a member organization’s upstairs office can, among other things, route orders in NYSE listed securities directly to another market.

<sup>6</sup> The Exchange previously expanded the ability of Floor broker member organizations, on a pilot basis, to transmit agency orders in Nasdaq Stock Market LLC (“Nasdaq”) and NYSE ARCA<sup>SM</sup> listed securities, from the Exchange Floor, including booth premises, provided the member organization complies with certain requirements. These requirements include, among others, membership in the NASD (for Nasdaq-listed securities) or having NYSE ARCA equities trading permit (for NYSE ARCA-listed securities); receipt of the order on the NYSE Floor through a permissible communication device, and transmission of the order to the appropriate market through a non-NYSE order management system. See NYSE Information Memo 05-88 (November 10, 2005); NYSE Member Education Bulletin 2006-7 (March 22, 2006); NYSE Information Memos 06-37 (May 19, 2006) and 06-43 (June 15, 2006); and NYSE Member Education Bulletin 2006-12 (July 21, 2006).

<sup>11</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> 15 U.S.C. 78s(b)(3)(A).

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