

a national securities exchange.¹² In particular, the Commission finds that the proposed rule change is consistent with the requirements of section 6(b)(5) of the Act,¹³ which requires, among other things, that the Exchange's rules be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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 Commission believes that the Exchange's surveillance procedures would not be materially hampered as long as the Exchange has access to trading and pricing information of the underlying components that constitute at least 90% of the dollar weight of the Commodity Reference Asset or Currency Reference Asset, as the case may be. In addition, the Commission believes that so long as the pricing information for at least 90% of the dollar weight of the Commodity Reference Asset or Currency Reference Asset, as the case may be, is based on the general pricing information requirements, the proposed amendment to the Exchange's generic listing standards should not constitute a material risk to investors, while potentially benefiting investors by providing the Exchange flexibility to list a broader array of products.

The Commission finds good cause for approving the proposed rule change before the 30th day after the date of publication of notice of filing thereof in the **Federal Register**. The Commission notes that it has previously approved similar approaches to the instant proposal, where an underlying equity index may include foreign country securities or foreign country securities underlying American Depositary Receipts having their primary trading market outside the United States on foreign trading markets that are not members or affiliates of ISG or parties to CSSAs with the Exchange, as long as such securities do not, in the aggregate, represent more than 20% of the dollar weight of such underlying index.¹⁴ The Commission further notes that it has approved a substantively identical proposed rule change for another

¹² In approving this proposed 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).

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ See *supra* note 8.

national securities exchange.¹⁵ The Commission believes that accelerated approval of the proposed rule change should expedite the listing and trading of additional Commodity-Linked Securities and Currency-Linked Securities, subject to the standards discussed herein, to the benefit of the investing public. Therefore, the Commission finds good cause, consistent with section 19(b)(2) of the Act,¹⁶ to approve the proposed rule change on an accelerated basis.

V. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹⁷ that the proposed rule change (SR-Amex-2007-102) be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56525; File No. SR-NYSE-2007-76]

Self-Regulatory Organizations; New York Stock Exchange LLC; Order Granting Accelerated Approval to Proposed Rule Change Relating to Requirements for the Listing and Trading of Commodity-Linked Securities and Currency-Linked Securities

September 25, 2007.

I. Introduction

On August 22, 2007, 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 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend the generic listing standards for commodity-linked securities ("Commodity-Linked Securities") and currency-linked securities ("Currency-

¹⁵ See Securities Exchange Act Release No. 56525 (September 25, 2007) (SR-NYSE-2007-76) (approving the same amendments to the New York Stock Exchange LLC's generic listing standards for Commodity-Linked and Currency-Linked Securities).

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ 15 U.S.C. 78s(b)(2).

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Linked Securities") under section 703.22 of the NYSE Listed Company Manual ("Manual"). The proposed rule change was published for comment in the **Federal Register** on September 6, 2007 for a 15-day comment period.³ The Commission received no comments on the proposal. This order approves the proposed rule change on an accelerated basis.

II. Description of the Proposal

The Exchange proposed to amend section 703.22(B)(II)(1)(b) and section 703.22(B)(III)(1)(b) of the Manual to permit the listing and trading of Commodity-Linked Securities and Currency-Linked Securities, respectively, where the underlying Commodity Reference Asset⁴ or Currency Reference Asset,⁵ as the case may be, may include components representing not more than 10% of the dollar weight of such Commodity Reference Asset or Currency Reference Asset, for which the pricing information is derived from markets which do not meet the general requirements of the respective rule, as described below. In addition, the Exchange proposed that no single component of a Commodity Reference Asset or Currency Reference Asset, as the case may be, subject to the foregoing proposed exception may exceed 7% of the dollar weight of such Commodity Reference Asset or Currency Reference Asset, as applicable.

Under section 703.22(B)(II)(1) of the Manual, an issuance of Commodity-Linked Securities currently cannot be listed unless either:

- The Commodity Reference Asset to which the security is linked shall have been reviewed and approved for the trading of Commodity Trust Shares or options or other derivatives by the Commission under Section 19(b)(2)⁶ of the Act and rules thereunder and the conditions set forth in the Commission's approval order, including with respect to comprehensive surveillance sharing agreements ("CSSAs"), continue to be satisfied; or
- The pricing information for each component of a Commodity Reference Asset is derived from a market which is

³ See Securities Exchange Act Release No. 56332 (August 29, 2007), 72 FR 51285 ("Notice").

⁴ Commodity Reference Asset is defined as one or more physical commodities or commodity futures, options or other commodity derivatives or Commodity Trust Shares (as defined in NYSE Rule 1300B) or a basket or index of any of the foregoing. See Section 703.22 of the Manual.

⁵ Currency Reference Asset is defined as one or more currencies, options or currency futures or other currency derivatives or Currency Trust Shares (as defined in NYSE Rule 1300A) or a basket or index of any of the foregoing. See *id.*

⁶ 15 U.S.C. 78s(b)(2).

an Intermarket Surveillance Group ("ISG") member or affiliate or with which the Exchange has a CSSA. Notwithstanding the previous sentence, pricing information for gold and silver may be derived from the London Bullion Market Association.

Similarly, under section 703.22(B)(II)(1) of the Manual, an issuance of Currency-Linked Securities currently cannot be listed unless either:

- The Currency Reference Asset to which the security is linked shall have been reviewed and approved for the trading of Currency Trust Shares or options or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order, including with respect to CSSAs, continue to be satisfied; or
- The pricing information for each component of a Currency Reference Asset must be (1) The generally accepted spot price for the currency exchange rate in question or (2) derived from a market which is (a) An ISG member or affiliate or with which the Exchange has a CSSA and (b) the pricing source for components of a Currency Reference Asset that has previously been approved by the Commission.

The Exchange proposed to amend the requirements as to the source of pricing information for components of Commodity-Linked Securities and Currency-Linked Securities so as to permit the listing of such securities where a maximum of 10% of the dollar weight of the Commodity Reference Asset or Currency Reference Asset, as the case may be, is made up of components that do not meet the respective general pricing information requirements. In addition, the Exchange proposed that no single component subject to the proposed exception may exceed 7% of the dollar weight of the Commodity Reference Asset or Currency Reference Asset, as the case may be.

The Exchange stated that many commodity and currency markets are not members or affiliates of ISG, and the Exchange frequently experiences difficulty entering into CSSAs with such markets. The Exchange noted that the proposed amendment would provide the Exchange with greater flexibility to list securities under section 703.22 of the Manual that are linked to a broader range of underlying assets, such as commodities and currencies, thereby providing issuers with a faster and less cumbersome means of listing new Commodity-Linked Securities and

Currency-Linked Securities and benefiting the investing public.

III. Commission's Findings and Order Granting Accelerated Approval of the Proposed Rule Change

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.⁷ In particular, the Commission finds that the proposed rule change is consistent with the requirements of section 6(b)(5) of the Act,⁸ which requires, among other things, that the Exchange's rules be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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 Commission believes that the Exchange's surveillance procedures would not be materially hampered as long as the Exchange has access to trading and pricing information of the underlying components that constitute at least 90% of the dollar weight of the Commodity Reference Asset or Currency Reference Asset, as the case may be. In addition, the Commission believes that so long as the pricing information for at least 90% of the dollar weight of the Commodity Reference Asset or Currency Reference Asset, as the case may be, is based on the general pricing information requirements, the proposed amendment to the Exchange's generic listing standards should not constitute a material risk to investors, while potentially benefiting investors by providing the Exchange flexibility to list a broader array of products.

The Commission finds good cause for approving the proposed rule change before the 30th day after the date of publication of notice of filing thereof in the **Federal Register**. The Commission notes that it has previously approved similar approaches to the instant proposal, including another provision in section 703.22 of the Manual permitting the listing of Equity Index-Linked Securities,⁹ where the underlying equity

⁷ In approving this proposed 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).

⁸ 15 U.S.C. 78f(b)(5).

⁹ Equity Index-Linked Securities are defined as securities that provide for the payment at maturity of a cash amount based on the performance of an

index may include foreign country securities or foreign country securities underlying American Depositary Receipts having their primary trading market outside the United States on foreign trading markets that are not members or affiliates of ISG or parties to CSSAs with the Exchange, as long as such securities do not, in the aggregate, represent more than 20% of the dollar weight of such underlying index.¹⁰ The Commission believes that accelerated approval of the proposed rule change should expedite the listing and trading of additional Commodity-Linked Securities and Currency-Linked Securities, subject to the standards discussed herein, to the benefit of the investing public. Therefore, the Commission finds good cause, consistent with section 19(b)(2) of the Act,¹¹ to approve the proposed rule change on an accelerated basis.

IV. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹² that the proposed rule change (SR-NYSE-2007-76) be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Nancy M. Morris,
Secretary.

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underlying index or indexes of equity securities. See Section 703.22 of the Manual.

¹⁰ See Section 703.22(B)(I)(2)(vii) of the Manual. See also Securities Exchange Act Release Nos. 55687 (May 1, 2007), 72 FR 25824 (May 7, 2007) (SR-NYSE-2007-27) (approving the generic listing and trading standards for Index-Linked Securities, including Equity Index-Linked Securities); and 54013 (June 16, 2006), 71 FR 36372 (June 26, 2006) (SR-NYSE-2006-17) (approving the listing and trading of shares of the iShares GSCI Commodity Indexed Trust and providing that, if a new component is added to the underlying index that constitutes more than 10% of the overall weight of the index and with whose principal trading market the Exchange does not have a comprehensive surveillance sharing agreement, the Exchange would seek to delist such shares).

¹¹ 15 U.S.C. 78s(b)(2).

¹² *Id.*

¹³ 17 CFR 200.30-3(a)(12).