

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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of CHX. 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-CHX-2007-20 and should be submitted on or before November 23, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²³

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56706; File No. SR-DTC-2007-12]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of a Proposed Rule Change Relating to DTC Opening an Omnibus Account at Euroclear Bank

October 26, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on September 12, 2007, The Depository Trust Company ("DTC") 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 primarily by DTC. 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 proposed rule change would allow DTC to open an omnibus account at Euroclear Bank ("ECB") in order to facilitate the repositioning of inventory between European markets and U.S. markets.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to facilitate, among other things, the efficient processing of cross-border securities transactions between DTC participants and ECB participants. The proposal contemplates the opening of a DTC omnibus account at ECB, which would enable more efficient inventory positioning by participants of DTC and ECB as needed in order to settle securities at ECB and at DTC.

The proposed rule change would accommodate dual listing of certain foreign and domestic securities on both U.S. and European trading platforms. One recent example of such a dual listing is the common stock of NYSE Euronext Group. This U.S.-issued security, which resulted from the merger of the NYSE Group and Euronext, is currently registered, listed, and traded in the U.S. on the New York Stock Exchange ("NYSE") and in Europe on the Euronext platform. It is eligible for settlement at both DTC and ECB. When traded on the NYSE, the security is cleared and settled in the continuous net settlement ("CNS") system operated by National Securities Clearing Corporation ("NSCC") with the associated security movements taking place at DTC. When traded on Euronext, the transaction is eligible for clearance through the facilities of LCHClearnet SA and settlement effected by ECB through the local central securities depository

("CSD"). ECB utilizes the services of a U.S. custodian bank as agent to access DTC for position management as it currently does for all other U.S. issues eligible for settlement at ECB. Participants of ECB and DTC have the ability to reposition their inventory of NYSE Euronext common stock between ECB and DTC through this arrangement.

DTC is proposing a similar arrangement with ECB to allow for custody and repositioning movements of non-U.S. dually-listed securities held on deposit with ECB to the extent such securities are made eligible for listing and trading on U.S. domestic markets. Under DTC's proposal, ECB would act as DTC's custodian for issues on deposit at ECB-controlled CSDs as well as at other CSDs in ECB's subcustody network. This arrangement would enable DTC participants to settle trades in foreign issues in U.S. dollars executed on a U.S. domestic market through the normal clearance and DTC book-entry settlement processes.

Further, DTC/ECB common participants would be able to reposition share balances between their DTC account and their ECB account either directly or through their custodian agent to facilitate settlements of trades in these dually-listed foreign issues executed in either marketplace.

Specifically, the new account will allow for European securities that are listed in the U.S. to be custodied by ECB for DTC. The securities will be credited to an account that is maintained by or on behalf of ECB at a European CSD. The process for creating a position at DTC would be initiated by a participant of the European CSD delivering the securities free to ECB's account or to the account of ECB's agent at the European CSD. ECB would credit DTC's account at ECB, and DTC would then credit the securities to the DTC participant account designated by the delivering participant. The securities would then be available for use at DTC (e.g., to satisfy settlements at DTC). To the extent participants need to move position back to Europe to, for among other reasons, facilitate settlements there, the process would be reversed. Under this arrangement, for a security for which physical certificates have been issued, there would be no need for transporting the physical certificates to or from DTC. Any reregistration of securities from one holder to another that is required due to the market practices of any particular market would be processed by the European registrar for the issue. Any position at DTC would be represented by securities that are registered in the name of the European CSD, ECB or ECB's agent.

²³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified parts of these statements.

ECB would provide subcustody services such as principal and income collection and corporate action processing on securities held in DTC's omnibus account at ECB in accordance with ECB procedures. DTC in turn would provide its participants with principal and income payment and corporate actions services without the need for its participants to interact directly with ECB.

The primary benefits of the proposed rule change are that it would facilitate the expanded dual listing programs of marketplaces operating in the U.S. and Europe and that it should help to reduce the number of transactions that fail on settlement date because of inefficient methods of inventory repositioning. The realization of these benefits would be consistent with DTC's objectives of providing efficient book-entry clearance and settlement facilities and of reducing risk to DTC participants by immobilizing certificates.

The proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because it should reduce risks and associated costs to DTC and ECB participants by streamlining the processing of cross-border securities transactions between U.S. and European entities.

B. Self-Regulatory Organization's Statement on Burden on Competition

DTC does not believe that the proposed rule change will have any impact or impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments relating to the proposed rule change have not been solicited or received.

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

Within thirty five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(a) By order approve the proposed rule change or

(b) Institute proceedings to determine whether the proposed rule change should be disapproved.

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. Please include File Number SR-DTC-2007-12 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-DTC-2007-12. 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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of DTC. 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-DTC-2007-12 and should be submitted on or before November 23, 2007.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.³

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56709; File No. SR-FINRA-2007-007]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Granting Approval of Proposed Rule Change To Exempt From TRACE Reporting Transactions in TRACE-Eligible Securities Resulting From Certain Derivative-Related Transactions

October 26, 2007.

On August 10, 2007, the Financial Industry Regulatory Authority, Inc. ("FINRA") (f/k/a National Association of Securities Dealers, Inc. ("NASD")) 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 exempt from reporting to the Trade Reporting and Compliance Engine ("TRACE") transactions in TRACE-eligible securities resulting from the exercise or settlement of an option or a similar instrument, or the termination or settlement of a credit default swap ("CDS"), other types of swap, or a similar instrument (collectively, "Derivative-Related Transactions").³ The Commission published the proposed rule change for comment in the **Federal Register** on September 21, 2007.⁴ The Commission received no comments on the proposed rule change. This order approves the proposed rule change.

As described above, FINRA proposed to amend its Rules to exempt transactions in TRACE-eligible securities⁵ that are Derivative-Related

³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ On July 26, 2007, the Commission approved a proposed rule change filed by NASD to amend NASD's Certificate of Incorporation to reflect its name change to Financial Industry Regulatory Authority Inc., or FINRA, in connection with the consolidation of the member firm regulatory functions of NASD and NYSE Regulation, Inc. See Securities Exchange Act Release No. 56146 (July 26, 2007), 72 FR 42190 (August 1, 2007).

⁴ See Securities Exchange Act Release No. 56439 (September 13, 2007), 72 FR 54087.

⁵ See NASD Rule 6210 for definition of "TRACE-eligible security."