

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 Section, 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 filings also will be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at [http://www.dtcc.com/downloads/legal/rule\\_filings/2007/nscc/2007-06.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2007/nscc/2007-06.pdf). 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-NSCC-2007-06 and should be submitted on or before December 21, 2007.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56851; File No. SR-NYSE-2007-106]

### **Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change, as Modified by Amendment No. 2, Relating to Exchange Rule 103A(a)(3) To Address Changes in the Way the Exchange Delivers Education Programs to its Members and To Clarify That the Mandatory Education Requirement Applies to All Individuals Qualified To Use a Trading License**

November 28, 2007.

Pursuant to section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act")

and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 16, 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, II, and III below, which Items have been substantially prepared by the Exchange. The NYSE has designated the proposed rule change as one concerned solely with the administration of the Exchange pursuant to section 19(b)(3)(A)(iii) of the Act,<sup>3</sup> and Rule 19b-4(f)(3) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. On November 26, 2007, the Exchange submitted Amendment No. 1 to the proposed rule change. The Exchange withdrew Amendment No. 1 on November 27, 2007. The Exchange submitted Amendment No. 2 to the proposed rule change on November 27, 2007.<sup>5</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

#### **I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

NYSE is proposing to amend Rule 103A(a)(3) to address changes in the way the Exchange delivers education programs to its members and to clarify that the mandatory education requirement applies to all individuals qualified to use a trading license, and not just to members who are active on the trading floor.

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

In its filing with the Commission, NYSE 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. NYSE 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 is proposing to amend NYSE Rule 103A to reflect certain changes to how the Exchange delivers its continuing education program, and to reflect changes to the Exchange's membership structure, which affects who must complete the program.

Since its inception, the Exchange's Floor Member Continuing Education Program ("FMCE Program"), which NYSE Regulation manages, has evolved from providing semi-annual stand-up presentations to delivering computer-based educational modules in a learning laboratory. Because of limitations associated with these delivery methods, NYSE Regulation is currently upgrading the FMCE Program to permit more efficient and cost-effective delivery to participants via the Internet.

In connection with these changes, the Exchange is proposing to amend Rule 103A(a)(3) to remove the reference to "semi-annual" education programs, and is proposing to shorten the time in which program participants must complete the program elements. In addition, due to changes in the NYSE's membership structure, in which one trading license may be used by multiple qualified individuals over the course of a year, the Exchange is proposing to amend Rule 103A(a)(3) to clarify that the education requirement applies to all individuals qualified to use a trading license, not just those who are actively working as "members" on the floor.

##### **Background**

NYSE Rule 103A requires the Exchange to provide, and Exchange Floor members to take, continuing education. Over the years, the method by which the Exchange delivered the required education components has evolved from in-person lectures to large groups of members to individualized computer-assisted training in a learning laboratory setting. That evolution reflected an ongoing assessment by the Exchange of the most efficient way to deliver timely continuing education and training to a large group of Floor members.

When the Exchange delivered the FMCE Program in person or in a learning laboratory, participants were required to participate in these meetings during extended business hours. The current language of Rule 103A(a)(3) reflects meeting room and laboratory space limitations by requiring the Exchange to deliver the FMCE Program

<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)(3).

<sup>5</sup> In Amendment No. 2, the Exchange made a technical change to the rule text.

<sup>10</sup> 17 CFR 200.30-3(a)(12).

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

twice a year and allowing participants 120 days from the time that they were originally scheduled to take continuing education to complete the requirement. To address the space and time limitations associated with the FMCE Program, NYSE Regulation is in the process of modernizing its method for delivering the FMCE Program. As redesigned, NYSE Regulation will offer the FMCE Program via a web-based interactive program that participants can access from an Internet-capable computer. Participants will no longer need to come to a learning laboratory at the Exchange facility or schedule specific times with the Exchange to complete the program. Instead, participants will be able to access the FMCE Program from their member organization offices, under the supervision of their member firm at a time that is mutually convenient for the participant and the member organization. Changes to Rule 103A are necessary in order to keep the rule consistent with the new delivery method.

In addition to the changes necessitated by changes to the program delivery method, the Exchange is also proposing to amend Rule 103A to clarify who is required to complete the FMCE Program. Rule 103A currently applies to all Exchange "members," which, until 2006, referred to individuals who owned or leased seats on the Exchange. In 2006, the Exchange changed its membership structure from seats that were held by particular individuals within a member organization, to trading licenses that are not specific to particular individuals within a member organization.

Under the new membership structure, in order to become a member organization, an incorporated entity must, among other things, purchase a trading license. Holders of a trading license may then designate one or more individuals to use the license, each of whom must complete the qualifications necessary to be "members" of the Exchange. Although one license holder may have more than one qualified member associated with it, only one such qualified individual may use the trading license on a given trading day. The individual using the license on a given day is the "active member" for that day.

Substituting another qualified individual to use a license can happen on as little as one day's notice to the Exchange. Accordingly, all qualified individuals who could use the license, including those who are not regularly active on the Floor, must remain current with the FMCE Program requirements.

As currently drafted, however, Rule 103A, which refers to "members" only, does not clearly articulate this requirement.

#### Proposed Amendments

The Exchange proposes to amend Rule 103A(a)(3) by: (i) Updating the rule to reflect the Exchange's new delivery method; and (ii) clarifying that all individuals qualified to use a trading license must meet the mandatory education requirements under the rule.

First, since the new delivery method will not require Floor members to physically attend Floor member continuing education sessions, the Exchange is proposing to amend Rule 103A(a)(3) by eliminating references to meetings in general.

Second, the Exchange proposes to eliminate the requirement that the Exchange provide continuing member education on a semi-annual basis and instead amend the rule to reflect the versatility of the new delivery method. Going forward, the Exchange intends to annually provide an equivalent amount of education in terms of topics and participation time as it did when the FMCE Program was delivered semi-annually. In the semi-annual mode, the NYSE usually delivered six educational modules, in two sessions of three modules each. This would no longer be the case under the new program; instead, the Exchange plans to deliver education modules on a rolling basis over the course of the year. The Exchange believes that spacing the educational experience gradually over a year's time (an approach that is newly possible with the new delivery method) will be more effective as a learning experience, and enable the Exchange to provide training that is more timely in view of changes to the regulatory landscape.

Third, the Exchange proposes to change the timeframe within which Floor members must complete continuing education. Currently, Rule 103A allows FMCE participants to complete their requirement within 120 days of being scheduled to attend an educational meeting. The 120-day window was predicated on certain physical constraints the Exchange faced in delivering previous versions of the program. Under the old delivery methods, the Exchange had to schedule sufficient original education meetings to accommodate over 1,300 participants. Given the size of available meeting rooms (maximum seating capacity 70 persons) for the in-person delivery method and later the seating capacity of the learning laboratory (maximum of 14 persons) and the additional need to

provide make-up sessions for participants who could not attend their originally scheduled meeting, the Exchange needed a relatively large timeframe within which to provide educational opportunities. Because no such constraints will exist using the new delivery method, the Exchange proposes to change the time allowed for completion of an educational module from 120 to 60 days from the time that the module is assigned to the program participants.<sup>6</sup>

While anticipating the use of the 60-day deadline in most cases, the Exchange proposes to build flexibility into the rule by providing the option of designating a different timeframe where warranted. For example, training for Floor members in a certain regulatory topic may be deemed urgent and the Exchange could shorten the deadline accordingly.

Finally, the Exchange proposes amending the rule to clarify that all qualified members, i.e., all members qualified to work on the Floor of the Exchange, regardless of whether they are active members, are required to complete the mandatory FMCE Program requirements.

## 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>7</sup> that an Exchange have rules that are designed to promote the 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.

### *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.

<sup>6</sup> In order to ensure the integrity of the program, once the program is in place, firms will be required to certify pursuant to NYSE Rule 342.30(e) that the firm's Floor members (and qualified substitutes) have completed the educational requirements contained in Rule 103A. As a result, the Exchange expects firms will implement procedures for ensuring that their Floor members and qualified substitutes have completed the program, which procedures could include supervising individuals on firm premises while they complete the program. Given the generally small size of member firms' Floor staffs, the Exchange believes that 60 days should be ample time for a firm to ensure that its members and qualified substitutes have completed the program requirements. To assist compliance staff in this regard, the system being implemented by the Exchange contains tools for compliance officers to monitor the completion status of their firms' employees.

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

*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 written 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 is effective upon filing pursuant to section 19(b)(3)(A)(iii)<sup>8</sup> of the Act and Rule 19b-4(f)(3)<sup>9</sup> thereunder. The proposed rule change goes solely to the administration of the self-regulatory organization in that it is not a substantive change to NYSE Rule 103A (that is, it neither increases nor decreases the scope of the education requirement under NYSE Rule 103A), but merely updates the rule to reflect the introduction of a new method for delivering the educational material.

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, as amended, 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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2007-106 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-2007-106. 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 on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing will also 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-2007-106 and should be submitted on or before December 27, 2007.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

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

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-56870; File No. SR-NYSE-2007-105]

**Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Fees Charged to Member Organizations for the Use of the On-Line Comparison System**

November 30, 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 November 14, 2007, the New York Stock Exchange LLC ("NYSE" or "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 NYSE. 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 NYSE proposes to reduce from \$0.15 to \$0.10 per trade the fee charged with respect to trades submitted to the On-Line Comparison System ("OCS") for trade date comparison.<sup>3</sup> At the same time, the Exchange will eliminate all OCS access fees. The text of the proposed rule change is available at the Exchange, on the Exchange's Web site at <http://www.nyse.com>, and at the Commission's Public Reference Room.

**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

Effective January 1, 2008, the Exchange proposes to reduce from \$0.15 to \$0.10 per trade the fee charged with respect to trades submitted to the OCS for trade date comparison. At the same time, the Exchange will eliminate all OCS access fees. OCS access fees are annual charges paid by members to access OCS. It has recently been the Exchange's experience that the revenues derived from OCS access fees and usage fees have exceeded the Exchange's costs in maintaining the system. As such, the fee revisions are intended to more closely align the revenues derived from OCS fees with the actual cost of running OCS.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act<sup>4</sup> in general, and

<sup>3</sup> The OCS is an interactive system, which is used to perform comparison processing, such as matching of initial trade submission, correction processing and questioned trade resolution.

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

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>9</sup> 17 CFR 240.19b-4(f)(3).

<sup>10</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.