

Paper Comments

• Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-9303.

All submissions should refer to File Number SR-Amex-2005-088. 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 Amex. 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-Amex-2005-088 and should be submitted on or before October 13, 2005.

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

Jill M. Peterson,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-52450; File No. SR-DTC-2005-07]

Self-Regulatory Organizations; The Depository Trust Company; Order Approving Proposed Rule Change To Expand DTC's Inventory Management System

September 15, 2005.

I. Introduction

On July 8, 2005, the Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") and on July 8, 2005, amended¹ proposed rule change SR-DTC-2005-07 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").² Notice of the proposal was published in the **Federal Register** on August 1, 2005.³ No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description

DTC is expanding its Inventory Management System ("IMS") to offer additional customized transaction recycling capabilities and to provide users with an enhanced approval mechanism in order to give users greater internal control over deliveries that they submit to DTC.

Currently, a participant using IMS can prepopulate its profile to customize the position recycle order for its night cycle deliveries. These "high priority" transactions are processed in the prescribed order if the participant has sufficient shares in its account. If there are insufficient shares to complete these high priority transactions, then DTC attempts to complete lower prioritized transactions that can be completed with the shares the participant has available.

The rule change: (i) Increases participant control over the processing order by adding two new recycle profiles; (ii) expands the recycle profiles to include Initial Public Offering ("IPO") transactions; and (iii) allows a participant's input to be subjected to secondary authorization through a new transaction type in IMS.

The new recycle profiles allow participants to further customize the processing of their deliveries by either: (i) Electing to have the deliveries processed in strict profile order or (ii) enabling the participant to hold all or a

specific set of deliveries in a separate profile until they are ready to release those transactions for processing. For each delivery that is customized and recycled based upon profile selection, a participant will be charged \$0.06 in addition to the applicable delivery fee.

Currently, participants only can route their night delivery orders to IMS for authorization. The rule change allows participants also to submit their manual or automated day delivery orders for authorization based on predetermined profiles. A user can create a profile by asset class and within asset class by input source (e.g., only deliveries submitted by DTC's Participant Browser Service). The user can determine, based on input source, which delivery types (all valued, all free, only under/over valued deliveries) should be routed for authorization. For these deliveries, participants will be charged the current authorization fee of \$0.006 each in addition to the applicable delivery fee.

Participants are not required to make any systemic changes and may continue to process their deliveries as they do today. IMS recycle profiles are optional, and users that do not elect to prioritize their deliveries through IMS continue to be subjected to the existing default recycle profile.

III. Discussion

Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency be designed to provide for the prompt and accurate clearance and settlement of securities.⁴ The Commission finds that DTC's proposed rule change is consistent with this requirement because it will allow participants to have all of their deliveries residing at DTC throughout the day and will maximize their priority deliveries and associated settlement credits. As such, the proposed rule change should promote the prompt and accurate clearance and settlement of securities transactions by increasing efficiency of processing participants' transactions.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁵ that the proposed rule change (File No. SR-

¹ The amendment corrected a typographical error in the original filing.

² 15 U.S.C. 78s(b)(1).

³ Securities Exchange Act Release No. 52123 (July 26, 2005), 70 FR 44132.

⁴ 15 U.S.C. 78q-1(b)(3)(F).

⁵ 15 U.S.C. 78s(b)(2).

¹³ 17 CFR 200.30-3(a)(12).

DTC–2005–07) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Jonathan G. Katz,

Secretary.

[FR Doc. 05–18896 Filed 9–21–05; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–52451; File No. SR–ISE–2005–44]

Self-Regulatory Organizations; International Securities Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Primary Market Maker Obligations

September 15, 2005.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b–4 thereunder,² notice is hereby given that on September 14, 2005, the International Securities Exchange, Inc. (“ISE” 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 prepared by the Exchange. The Exchange has filed the proposed rule change as a “non-controversial” rule change pursuant to Section 19(b)(3)(A) of the Act,³ and Rule 19b–4(f)(6) thereunder,⁴ 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 Substance of the Proposed Rule Change

The Exchange proposes to amend ISE Rule 803 regarding Primary Market Maker obligations in consideration of a recently approved change to the ISE Rules relating to the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage.⁵

The text of the proposed rule change is available on the Exchange’s Web site (<http://www.iseoptions.com>), at the Exchange’s Office of the Secretary, 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

In file number SR–ISE–2005–33, which was recently approved by the Commission, the Exchange proposed to amend its rules governing Linkage⁶ trading with respect to trade-throughs and locked markets.⁷ SR–ISE–2005–33 provided that an Exchange member may trade an order at a price that is one minimum quoting increment inferior to the national best bid and offer (“NBBO”) if the member contemporaneously transmits to the market(s) disseminating the NBBO Linkage Order(s)⁸ to satisfy all interest at the NBBO price (“trade and ship”). Under trade and ship, pursuant to agency obligations, any execution the member receives from the market disseminating the NBBO must be reassigned to any customer order underlying the Linkage Order that was transmitted to trade with the market disseminating the NBBO.

The purpose of this proposed rule change is to reflect the change made in

upon separate requests by the Philadelphia Stock Exchange, Inc., the Pacific Exchange, Inc., and the Boston Stock Exchange, Inc., the Commission issued orders to permit these exchanges to participate in the Linkage Plan. See Securities Exchange Act Release Nos. 43573 (November 16, 2000), 65 FR 70851 (November 28, 2000); 43574 (November 16, 2000), 65 FR 70850 (November 28, 2000); and 49198 (February 5, 2004), 69 FR 7029 (February 12, 2004).

⁶ The Exchange defines “Linkage” in ISE Rule 1900(9).

⁷ See Securities Exchange Act Release No. 52418 (September 13, 2005) (order approving SR–ISE–2005–33).

⁸ The Exchange defines “Linkage Order” in ISE Rule 1900(10).

SR–ISE–2005–33 in ISE Rule 803(c), which specifies the obligations of a Primary Market Maker when handling a Public Customer Order. Specifically, the Exchange proposes to amend ISE Rule 803(c) to specify that a Primary Market Maker may trade and ship as described above. This proposed rule change is necessary to assure that the Exchange’s rules are consistent with respect to the handling of Public Customer Orders.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)⁹ that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, 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. In particular, the proposed rule change will help implement the Linkage Plan by facilitating the ability of market makers to execute their customer orders and assuring that the Exchange’s rules in this respect are consistent.

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

The proposed rule change does not 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 not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

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

Because the foregoing proposed rule change effects a change that does not: (1) Significantly affect the protection of investors or the public interest; (2) impose any significant burden on competition; and (3) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the

⁹ 15 U.S.C. 78f(b)(5).

⁶ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b–4(f)(6).

⁵ On July 28, 2000, the Commission approved a national market system plan for the purpose of creating and operating an intermarket option linkage proposed by the American Stock Exchange LLC, the Chicago Board Options Exchange, Incorporated, and the ISE. See Securities Exchange Act Release No. 43086 (July 28, 2000), 65 FR 48023 (August 4, 2000) (“Linkage Plan”). Subsequently,