

currency. The Commission believes that these requirements minimize the potential for manipulating the underlying currency held by the Fund Shares.

Finally, under the proposed change to ISE Rule 503(h), Fund Shares would not be deemed to meet the requirements for continued approval, and the Exchange would not open for trading any additional series of option contracts of the class covering such Fund Shares, if the Fund Shares are delisted from trading or, pursuant to the proposed rule change, are halted from trading on their primary market. The Commission believes that the Exchange's proposal to expand ISE Rule 503(h) to address the effect of a trading halt in the Fund Shares on their primary market is consistent with the protection of investors and the public interest.

The Commission also notes that the Exchange has represented that it has an adequate surveillance program in place for options on Fund Shares, as defined by the Exchange's proposal, and it intends to apply those same program procedures that it applies to options on Fund Shares currently traded on the Exchange. In addition, the Exchange is able to obtain trading information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members or affiliates of the ISG. With respect to the Euro Shares, the Commission notes that the Exchange can obtain such information from the Philadelphia Stock Exchange ("Phlx") in connection with euro options trading on the Phlx and from the Chicago Mercantile Exchange ("CME") and the London International Financial Futures Exchange ("LIFFE") in connection with euro futures trading on those exchanges.¹⁵

The Commission finds good cause for approving Amendment No. 3 to the proposed rule change prior to the thirtieth day after the date of the publication of notice thereof in the **Federal Register** pursuant to Section 19(b)(2) of the Act.¹⁶ The Commission notes that Amendment No. 3 clarifies the operation of the continued listing criteria in ISE Rule 503(h)(3) by providing that the Exchange will consider the suspension of opening transactions for Fund Shares if the value of the non-U.S. currency on which the Fund Shares are based is no longer

¹⁵ Phlx is a member of ISG. CME and LIFFE are affiliate members of ISG.

¹⁶ 15 U.S.C. 78s(b)(2). Pursuant to Section 19(b)(2) of the Act, the Commission may not approve any proposed rule change, or amendment thereto, prior to the thirtieth day after the date of publication of the notice thereof, unless the Commission finds good cause for so doing.

calculated or available.¹⁷ The Commission notes that the Notice's discussion of the Euro Shares addressed this point,¹⁸ and that Amendment No. 3 makes a conforming change to the text of ISE Rule 503(h)(3) to address the Exchange's proposed broadened definition of Fund Shares to include Fund Shares that represent interests in a trust that hold a specified non-U.S. currency. The Commission therefore believes that it is appropriate to accelerate approval of Amendment No. 3 so that the proposed rule change, as amended, may be implemented without delay.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether Amendment No. 3 to 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-ISE-2005-60 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-ISE-2005-60. 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

¹⁷ Under the existing continued listing criteria in ISE Rule 503(h), Fund Shares may be delisted as follows: (1) Following the initial twelve-month period beginning upon the commencement of trading of the Fund Shares, there are fewer than 50 record and/or beneficial holders of the Fund Shares for 30 or more consecutive trading days; (2) the value of the index or portfolio of securities is no longer calculated or available; or (3) such other event occurs or condition exists that in the opinion of the Exchange makes further dealing on the Exchange inadvisable.

¹⁸ See Notice, *supra* note 5, at 28397 (noting that Euro Shares may be delisted if the value of the euro is no longer calculated or available).

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 Exchange. 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-ISE-2005-60 and should be submitted on or before July 31, 2006.

V. Conclusion

For the foregoing reasons, the Commission finds that the proposed rule change, as amended, is consistent with the Act and rules and regulations thereunder applicable to the national securities exchange.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁹ that the proposed rule change (SR-ISE-2005-60), as amended, is approved, and Amendment No. 3 is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²⁰

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54083; File No. SR-ISE-2006-35]

Self-Regulatory Organizations; International Securities Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Directed Orders System Change

June 30, 2006.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 30, 2006, the International Securities Exchange, Inc. ("ISE" or "Exchange") filed with the Securities and Exchange

¹⁹ 15 U.S.C. 78s(b)(2).

²⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the ISE. The proposed rule change has been filed by the ISE as effecting a change in an existing order-entry or trading system pursuant to section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(5) 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 ISE is proposing to extend the pilot period for the system change that identifies to a Directed Market Maker (“DMM”) the identity of the firm entering a Directed Order until September 30, 2006.

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 ISE 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 ISE 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

On January 5, 2006, the ISE initiated a system change to identify to a DMM the identity of the firm entering a Directed Order. The ISE filed this system change on a pilot basis under section 19(b)(3)(A) of the Act and Rule 19b-4(f)(5) thereunder⁵ so that it would be effective while the Commission considered a separate proposed rule change filed under section 19(b)(2) of the Act to amend the ISE’s rules to reflect the system change on a permanent basis (the “Permanent Rule Change”).⁶ The pilot currently expires

on June 30, 2006, but the Commission has not yet taken action with respect to the Permanent Rule Change. Accordingly, the Exchange proposes to extend the pilot until September 30, 2006, so that the system change will remain in effect while the Commission continues to evaluate the Permanent Rule Change.⁷

2. Statutory Basis

The Exchange believes that the basis under the Act is found in section 6(b)(5), in that the proposed rule change is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest. Extension of the pilot program will allow the Exchange to remain competitive with the Boston Options Exchange (“BOX”), which operates a directed orders program that discloses the identity of an entering firm to the BOX directed market maker.⁸

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

The Exchange believes that 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 unsolicited 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 in an existing order entry or trading system that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not have the effect of limiting access to or availability of the system, it has become effective pursuant to section

19(b)(3)(A)(iii) of the Act⁹ and Rule 19b-4(f)(5) thereunder.¹⁰

At any time within 60 days of the filing of such 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*. Please include File No. SR-ISE-2006-35 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-ISE-2006-35. 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 ISE.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(5).

⁵ Securities Exchange Act Release No. 53104 (Jan. 11, 2006), 71 FR 3142 (Jan. 19, 2006) (Notice of Filing and Immediate Effectiveness for SR-ISE-2006-02).

⁶ Securities Exchange Act Release No. 53103 (Jun. 11, 2006), 71 FR 3144 (Jan. 19, 2006) (Notice of Filing for SR-ISE-2006-01).

⁷ The ISE anticipated that extension of the pilot might be necessary and included this in the filing for the initial pilot. See *supra* note 3, at footnote 5.

⁸ See Securities Exchange Act Release Nos. 53015 (Dec. 22, 2005), 70 FR 77207 (Dec. 29, 2005); 53357 (Feb. 23, 2006); and 71 FR 10730 (March 2, 2006) (SR-BSE-2005-52).

⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁰ 17 CFR 19b-4(f)(5).

should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ISE-2006-35 and should be submitted on or before July 31, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Nancy M. Morris,

Secretary.

[FR Doc. E6-10719 Filed 7-7-06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-54071; File No. SR-NASD-2006-068)

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendments No. 1, 2, 3 and 4 Thereto To Create the Nasdaq Global Select Market and Rename the Nasdaq National Market

June 29, 2006.

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 May 30, 2006, the National Association of Securities Dealers, Inc. (“NASD”), through its subsidiary, The Nasdaq Stock Market, Inc. (“Nasdaq”), 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 Nasdaq. Nasdaq has filed this proposal pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission. On June 9, 2006, Nasdaq filed Amendment No. 1 to the proposed rule change.⁵ Nasdaq filed Amendment No. 2 on June 15, 2006, Amendment No. 3 on June 27, 2006, and Amendment No. 4 on June 29, 2006.⁶ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

¹¹ 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 Amendment No. 1 replaced the original filing in its entirety.

⁶ In Amendments No. 2, 3 and 4, Nasdaq made certain technical corrections and clarifications to its rule text.

Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Nasdaq proposes to rename the Nasdaq National Market as the Nasdaq Global Market and to create the Nasdaq Global Select Market, a new tier within the Nasdaq Global Market with higher initial listing standards. Nasdaq would implement the proposed rule change on July 1, 2006. Nasdaq previously filed substantially identical changes to the rules of the NASDAQ Stock Market LLC (“Nasdaq LLC”).⁷ This rule filing incorporates these changes into the rules of the NASD because Nasdaq LLC will not commence operations as a national securities exchange prior to the planned July 1, 2006, launch date for the Nasdaq Global Select Market.⁸

The text of the proposed rule change is available on Nasdaq’s Web site (<http://www.nasdaq.com>), at Nasdaq’s principal office, and at the Commission’s Public Reference Room. The text of the proposed rule change is included below. Proposed new language is *italicized*; deletions are [bracketed].

* * * * *

IM-2310-2. Fair Dealing With Customers

(a)-(d) No change.

(e) Fair Dealing With Customers with Regard to Derivative Products or New Financial Products.

(1)-(2) No change.

(3) Hybrid Securities and Selected Equity-Linked Debt Securities (“SEEDS”) Designated as Nasdaq [National] Global Market Securities Pursuant to the Rule 4400 Series.

No change.

* * * * *

2710. Corporate Financing Rule—Underwriting Terms and Arrangements

(a) No change.

(b) (1)-(6) No change.

(7) Offerings Exempt from Filing.

Notwithstanding the provisions of subparagraph (1) above, documents and information related to the following public offerings need not be filed with NASD for review, unless subject to the provisions of Rule 2720. However, it shall be deemed a violation of this Rule or Rule 2810, for a member to participate in any way in such public offerings if the underwriting or other arrangements in connection with the offering are not in compliance with this Rule or Rule 2810, as applicable:

⁷ See Securities Exchange Act Release No. 53799 (May 12, 2006), 71 FR 29195 (May 19, 2006) (SR-NASDAQ-2006-007).

⁸ See Securities Exchange Act Release No. 53128 (January 13, 2006), 71 FR 3550 (January 23, 2006).

(A)-(E) No change.

(F) Exchange offers of securities

where:

(i) The securities to be issued or the securities of the company being acquired are listed on The Nasdaq [National] Global Market, the New York Stock Exchange, or the American Stock Exchange; or

(ii) No change.

(G) No change.

(8)-(11) No change.

(c)-(j) No change.

* * * * *

2790. Restrictions on the Purchase and Sale of Initial Equity Public Offerings

(a)-(b) No change.

(c) General Exemptions.

The general prohibitions in paragraph (a) of this rule shall not apply to sales to and purchases by the following accounts or persons, whether directly or through accounts in which such persons have a beneficial interest:

(1)-(4) No change.

(5) A publicly traded entity (other than a broker/dealer or an affiliate of a broker/dealer where such broker/dealer is authorized to engage in the public offering of new issues either as a selling group member or underwriter) that:

(A) No change.

(B) Is traded on the Nasdaq [National] Global Market; or

(C) Is a foreign issuer whose securities meet the quantitative designation criteria for listing on a national securities exchange or trading on the Nasdaq [National] Global Market;

(6)-(10) No change.

(d)-(h) No change.

(i) Definitions.

(1)-(9) No change.

(10) “Restricted person” means:

(A)-(D) No change.

(E) Persons Owning a Broker/Dealer.

(i)-(iii) No change.

(iv) Any person that directly or indirectly owns 10% or more of a public reporting company listed, or required to be listed, in Schedule A of a Form BD (other than a reporting company that is listed on a national securities exchange or is traded on the Nasdaq [National] Global Market, or other than with respect to a limited business broker/dealer);

(v) Any person that directly or indirectly owns 25% or more of a public reporting company listed, or required to be listed, in Schedule B of a Form BD (other than a reporting company that is listed on a national securities exchange or is traded on the Nasdaq [National] Global Market, or other than with respect to a limited business broker/dealer);

(vi) No change.