

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 the 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-Amex-2006-48 and should be submitted on or before December 29, 2006.

#### IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>27</sup> In particular, the Commission believes that the proposal is consistent with Section 6(b)(5) of the Act,<sup>28</sup> which requires that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote 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.

The Commission believes that the proposed rule change would provide clarity and guidance to Amex listed companies, particularly with respect to the determination of whether a director is independent. In particular, the proposed rule change would preclude a finding of independence if a director accepts any compensation from the company or its affiliates in excess of \$60,000 during the prescribed time period.<sup>29</sup> This proposed change would

<sup>27</sup> In approving this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f). 28 15 U.S.C. 78f(b)(5).

<sup>28</sup> 15 U.S.C. 78f(b)(5).

<sup>29</sup> Under current Section 121A of the Company Guide, a director of a listed company would not be considered independent if the director or a family

align the Amex rule with corresponding rules of Nasdaq and NYSE relating to corporate governance standards of listed issuers.<sup>30</sup> The proposal also would revise various other provisions of Amex's corporate governance standards, including by amending several provisions to conform more closely with Nasdaq's and NYSE's corporate governance standards for its listed issuers.<sup>31</sup>

The Commission finds good cause, consistent with Section 19(b)(2) of the Act,<sup>32</sup> for approving this proposal, as amended, before the thirtieth day after the publication of notice thereof in the **Federal Register**. The Commission notes that the proposal raises no new issues and believes that accelerating its approval would harmonize corporate governance listing standards among exchanges.

#### V. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>33</sup> that the proposed rule change, as amended (SR-Amex-2006-48), is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>34</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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member of the director has accepted more than \$60,000 in payments from the company or its parent or subsidiary during the time period set forth in the rule. The proposed rule change would amend the rule to refer to compensation in excess of \$60,000 from the company, rather than payments.

<sup>30</sup> See Nasdaq's IM-4200 to Nasdaq Rule 4200 and Section 303A.02(b)(iii) of the NYSE Listed Company Manual. Proposed changes to Section 121A of the Company Guide would provide examples of non-compensatory payments, such as interest related to banking services, insurance proceeds, and non-preferential loans from financial institutions. At the same time, the proposed changes to Section 121A of the Company Guide would make clear that payments made by the company for the benefit of the director—such as political contributions to the campaign of a director or a family member and loans to a director or family member that are on terms not generally available to the public—could be considered indirect compensation so as to preclude a finding that the director was independent.

<sup>31</sup> These other changes relate to: status of independent directors who served as interim officers for a maximum one-year period; the definition of "non-executive employee;" inclusion of parent and subsidiary within the meaning of "company;" and an exception in Amex's standards relating to audit committees for certain issuers that have a listed parent, consistent with a similar exception contained in Rule 10A-3 under the Act, 17 CFR 240.10A-3.

<sup>32</sup> 15 U.S.C. 78s(b)(2).

<sup>33</sup> 15 U.S.C. 78s(b)(2).

<sup>34</sup> 34 17 CFR 200.30-3(a)(12).

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54855; File No. SR-DTC-2006-15]

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of a Proposed Rule Change Relating to the Canadian Link Service

December 1, 2006.

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 October 10, 2006, 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 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 amend DTC's Rule 30, Canadian-Link Service, to allow certain Canadian-Link transactions to settle in U.S. dollars.

#### 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.

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

DTC's Canadian-Link Service currently allows participants of DTC ("DTC Participants") to clear and settle two categories of securities transactions in Canadian dollars: (1) Transactions with participants of The Canadian Depository for Securities Limited ("CDS Participants") and (2) transactions with other DTC Participants. The Canadian-Link Service also allows DTC Participants to transfer Canadian dollar funds to CDS Participants through the

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

<sup>2</sup> 17 CFR 240.19b-4.

facilities of CDS and to other DTC Participants through Canadian settlement banks acting for DTC and such DTC Participants. The proposed rule change would add an additional functionality to the Canadian-Link Service to allow DTC Participants to settle certain securities transactions with CDS Participants in U.S. dollars ("cross-border U.S. dollar securities transactions"). Set forth below is a description of the current Canadian-Link Service and a description of the proposed change.

#### Current Functionality of the Canadian-Link Service

The Canadian-Link Service allows DTC Participants to clear and settle valued securities transactions in Canadian dollars with CDS Participants through the link between DTC and CDS. The securities that may be the subject of these transactions are securities that are eligible for book-entry transfer through the facilities of CDS and DTC ("Full-Service Canadian-Link Securities") and securities that are eligible for book-entry transfer through the facilities of CDS but not through DTC ("Limited Service Canadian-Link Securities"). The securities are delivered to and from CDS Participants through the facilities of CDS. Money settlement between DTC and CDS is included in Canadian dollar money settlement at CDS. Money settlement between DTC and DTC Participants takes place between Canadian settlement banks acting for DTC and such DTC Participants.

The Canadian-Link Service allows DTC Participants to clear and settle valued transactions in Canadian dollars with other DTC Participants through the facilities of DTC. The securities that may be the subject of these transactions are Full-Service Canadian-Link Securities. The securities are delivered to and from DTC Participants through the facilities of DTC. Money settlement between DTC and DTC Participants takes place through Canadian settlement banks acting for DTC and such DTC Participants.

The Canadian-Link Service allows DTC Participants to transfer Canadian dollar funds without any corresponding delivery or receipt of securities to CDS Participants or other DTC Participants. Transactions between DTC Participants and CDS Participants are processed through the facilities of CDS.

Transactions between DTC Participants and other DTC Participants are processed through Canadian settlement banks acting for such DTC Participants.

The proposed rule change would not change any of the existing components of the Canadian-Link Service and except

for cross-border U.S. dollar securities transactions, as set forth below, would not change how securities transactions are currently processed through the Canadian-Link Service.

#### Proposed Enhancement of the Canadian-Link Service

The proposed rule change would enhance the Canadian-Link Service to allow DTC Participants to clear and settle certain valued securities transactions in U.S. dollars with CDS Participants through the link between DTC and CDS.<sup>3</sup> The securities that would be the subject of the enhancement are Limited-Service Canadian-Link Securities, *i.e.*, securities that are eligible for book-entry transfer through the facilities of CDS but not DTC. The securities would be delivered to and from CDS Participants through the facilities of CDS. Money settlement between DTC and CDS would be included in U.S. dollar money settlement at DTC. Money settlement between DTC and DTC Participants would also be included in U.S. dollar money settlement at DTC together with the settlement of DTC Participants' other transactions at DTC. As the foregoing indicates, these cross-border U.S. dollar securities transactions would be processed in substantially the same way that transactions are now processed except that these transactions would settle in U.S. dollars rather than in Canadian dollars and the place of money settlement will be at DTC rather than at CDS or through Canadian settlement banks.

The proposed rule change would also add new definitions to DTC Rule 30 to distinguish between transactions between DTC Participants and CDS Participants ("Cross-Border Securities Transactions") and transactions between only DTC Participants ("Intra-DTC Securities Transactions"). The proposed rule change would also add new definitions to distinguish between transactions that settle in U.S. dollars and transactions that settle in Canadian dollars (for example, "Cross-Border CAD Securities Transactions" and "Intra-DTC USD Securities Transactions").

#### Risk Management Controls

Set forth below is a description of DTC's risk management controls with respect to the Canadian-Link Service

<sup>3</sup> DTC has represented to the Commission that some transactions executed in Canadian markets, either on a stock exchange or over-the-counter, are settled in U.S. dollars. Transactions that settle in U.S. dollars would be reported to DTC in U.S. dollar amounts. DTC would not convert settlement amounts from Canadian to U.S. dollars.

and how these risk management controls would be affected as a result of the proposed rule change.

1. Canadian-Link Required Participants Fund Deposit. A DTC Participant that uses the Canadian-Link Service is currently required to make an additional required deposit to the DTC participants fund that is determined in accordance with a formula that takes into account the volume of cross-border Canadian dollar securities transactions processed by DTC for such DTC Participant. Under the proposed rule change, such formula would also take into account the volume of cross-border U.S. dollar securities transactions processed by DTC for such DTC Participant.

2. Security for Canadian-Link Transactions. A DTC Participant that uses the Canadian-Link Service is currently required to pledge to DTC its interest in the securities subject to cross-border Canadian dollar securities transactions that are held by DTC for such DTC Participant at CDS. Under the proposed rule change, such DTC Participant will also be required to pledge to DTC its interest in the securities subject to cross-border U.S. dollar securities transactions that are held by DTC for such DTC Participant at CDS.

3. Canadian-Link Service Net Debit Caps. A DTC Participant that uses the Canadian-Link Service is currently subject to a net debit cap on the negative Canadian dollar balance that may, from time to time, be incurred by such DTC Participant with respect to its use of the Canadian-Link Service. Under the proposed rule change, a DTC Participant would also be subject to a net debit cap on the negative U.S. dollar balance that may from time to time be incurred by such DTC Participant with respect to its cross-border U.S. dollar securities transactions. The proposed rule change would add new definitions to DTC Rule 30 to take into account that there would be separate Net Debit Caps for U.S. and for Canadian dollar transactions.

4. Collateral Monitor of Canadian-Link Participants. A DTC Participant that uses the Canadian-Link Service is currently subject to the DTC collateral monitor with respect to its use of the Canadian-Link Service. Under the proposed rule change, a DTC Participant would also be subject to the DTC collateral monitor with respect to its cross-border U.S. dollar securities transactions.

As the foregoing indicates, cross-border U.S. dollar securities transactions will be subject to essentially the same robust risk management controls that are already

applicable to the other securities transactions currently processed through the Canadian-Link Service.

#### Statutory Basis for the Proposed Rule Change

Section 17A(a)(3)(F) of the Act requires that the rules of a registered clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in its possession or control or for which it is responsible. The proposed enhancement to the Canadian-Link Service should promote the prompt and accurate clearance and settlement of cross-border securities transactions between DTC Participants and CDS Participants and between DTC Participants and other DTC Participants in a secure, efficient, and regulated environment.

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

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

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

No written comments relating to the proposed rule change have been solicited or received by DTC from members, participants, or other persons. DTC will notify the Commission of any written comments it receives.

#### 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](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2006-15 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-2006-15. 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 the 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-2006-15 and should be submitted on or before December 29, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>4</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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<sup>4</sup> 17 CFR 200.30-3(a)(12).

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54854; File No. SR-NASDAQ-2006-046]

#### Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Guidance for Adjudicating Clearly Erroneous Transactions Under Rule 11890

December 1, 2006.

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 7, 2006, The NASDAQ Stock Market LLC ("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 filed the proposal as a "non-controversial" rule change pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> 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

Nasdaq is providing guidance regarding factors it generally considers in adjudicating clearly erroneous transactions under Nasdaq Rule 11890.

The text of the proposed rule change is below. Proposed new language is in *italics*.

\* \* \* \* \*

#### *IM-11890-4. Clearly Erroneous Transaction Guidance for Filings under Rule 11890(a) and Single Stock Events under Rule 11890(b)*

*Nasdaq is providing the following guidance on how it generally considers:*

- *All complaints filed by market participants under Rule 11890(a); and*
- *Many events involving a single security considered on Nasdaq's own motion pursuant to Rule 11890(b).*

*Nasdaq generally considers a transaction to be clearly erroneous when the print is substantially inconsistent with the market price at the time of execution. In making such a determination, Nasdaq takes into account the circumstances at the time of*

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

<sup>2</sup> 17 CFR 240.19b-4.

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

<sup>4</sup> 17 CFR 240.19b-4(f)(6).