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For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54869; File No. SR-NYSEArca-2006-70]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Approving a Proposed Rule Change To Extend the Term of Index-Linked Securities

December 4, 2006.

On October 2, 2006, the NYSE Arca, Inc. ("Exchange"), through its wholly-owned subsidiary NYSE Arca Equities, Inc. ("NYSE Arca Equities"), 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 amend NYSE Arca Equities Rule 5.2(j)(6) to extend the maximum duration of index-linked securities ("Index-Linked Securities") from ten years to thirty years.³ The proposed rule change was published for comment in the **Federal Register** on October 27, 2006.⁴ The Commission received no comment letters on the proposal.

NYSE Arca Equities Rule 5.2(j)(6) sets forth criteria that the issuer and the issuer must meet in order to list and trade Index-Linked Securities at the Exchange.⁵ Currently, one of the criteria the Exchange considers for the listing and trading of Index-Linked Securities, pursuant to NYSE Arca Equities Rule

5.2(j)(6), is that the term of the issue must be a minimum term of one year but not greater than ten years. Proposed NYSE Arca Equities Rule 5.2(j)(6)(b) would extend the duration of the term of the issue from ten years to thirty years.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁶ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁷ which requires, among other things, that Exchange rules be 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 facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. Amending NYSE Arca Equities Rule 5.2(j)(6) should provide the Exchange with more flexibility in responding to the increased demand from issuers to list and trade Index-Linked Securities that are greater than ten years in duration. The Commission notes that corporate bonds and other fixed-income products historically have been issued with terms of up to, or greater than, thirty years.⁸ In addition, the Commission has approved amendments to the generic listing standards for equity-linked notes that removed the maximum term limits for those securities.⁹

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-NYSEArca-2006-70) be, and hereby is, approved.

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

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54880; File No. SR-OCC-2006-12]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving a Proposed Rule Change Relating to an Escrow Program Fee To Be Charged to Escrow Banks

December 6, 2006.

On July 12, 2006, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission the proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the **Federal Register** on October 13, 2006.² No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

The proposed rule change will amend OCC's Schedule of Fees by adding a \$200 escrow fee to be charged to OCC-approved banks.

As background, OCC's escrow deposit program allows a custodian bank that has entered into an escrow agreement with OCC ("escrow bank") to make deposits of eligible collateral on behalf of its customers with respect to stock option contracts and index option contracts carried in short positions and to rollover and withdraw such deposits by submitting electronic instructions to OCC through OCC's escrow deposit system.³ Escrow deposits are pledged to the customer's clearing member in order to satisfy the customer's obligation to deposit customer level margin at the clearing member and are pledged to OCC in order to satisfy the clearing member's obligation to deposit clearing level margin at OCC with respect to a specified short position in stock or index options.⁴ Under OCC's form of escrow agreement, an escrow bank is obligated to hold the deposited collateral subject to the lien of OCC and the clearing member until such liens are released.

In 2005, the escrow deposit system was integrated into OCC's clearing

¹⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ NYSE Arca Equities Rule 5.2(j)(6) provides for the listing and trading of Index-Linked Securities pursuant to Rule 19b-4(e) under the Act (the "generic listing standards").

⁴ See Securities Exchange Act Release No. 54636 (October 20, 2006), 71 FR 63060.

⁵ The Exchange may submit a proposed rule change pursuant to Section 19(b)(2) of the Act to allow the listing and trading of Index-Linked Securities that do not otherwise meet the generic listing criteria set forth in NYSE Arca Equities Rule 5.2(j)(6).

⁶ In approving the proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

⁷ 15 U.S.C. 78f(b)(5).

⁸ See also NYSE Arca Equities Rule 5.2(e) setting forth the standards for listing debt securities.

⁹ See Securities Exchange Act Release No. 42110 (November 5, 1999), 64 FR 61677 (November 12, 1999) (SR-Amex-99-33); 41992 (October 7, 1999), 64 FR 56007 (October 15, 1999) (SR-NYSE-99-22); 42313 (January 4, 2000), 65 FR 2205 (January 13, 2000) (SR-CHX-99-19).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 54572 (Oct. 4, 2006), 71 FR 50599.

³ Escrow banks also use the escrow deposit system to receive and review OCC and relevant clearing member responses and to access reports.

⁴ Escrow deposits may include: (i) The underlying securities for any stock option contract; (ii) cash, short-term U.S. Government securities, and/or common stocks for any index call option contract; and (iii) cash and/or short-term U.S. Government securities for stock or index put options.