

minimum amount indicated in the Rule and an adjustment would be made plus or minus the adjustment value that also is set forth in the Rule. The minimum amount by which the execution price must differ from the theoretical price and the adjustment value for catastrophic errors will be significantly higher than the thresholds required for obvious errors, which the Exchange believes will limit the application of the proposed rule to errors involving significant losses.

Under the proposal, members will have until 8:30 a.m. Eastern Time on the day following the trade to notify Market Control of a potential catastrophic error. For trades that take place in an expiring series on expiration Friday, members must notify Market Control of a potential catastrophic error by 5 p.m. Eastern Time that same day. In consideration of the extreme nature of situations that will be addressed under the catastrophic error provisions, the Exchange proposes a streamlined one-step review process where a Catastrophic Error Tribunal ("Tribunal"), comprised of two representatives from market makers and two representatives from EAMs that are unrelated to the transaction in question, will make catastrophic error determinations and adjustments.<sup>4</sup> In the event the Tribunal determines that a catastrophic error did not occur, the member that initiated the review will be charged \$5,000 to reimburse the Exchange for the costs associated with reviewing the claim.

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 and, in particular, the requirements of Section 6(b) of the Act<sup>5</sup> and the rules and regulations thereunder. Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,<sup>6</sup> in that the proposal is designed to prevent fraudulent and manipulative acts, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest.

The Commission notes that, in approving proposals relating to adjustment or nullification of trades involving obvious errors, it has stated that the determination of whether an

obvious error has occurred and the process for reviewing such a determination should be based on specific and objective criteria and subject to specific and objective procedures.<sup>7</sup> The Commission believes that the ISE's proposal provides specific and objective criteria and procedures for the Exchange to apply when members seek review of transactions involving catastrophic errors. The Commission also believes that the proposed Catastrophic Error Tribunal, which is intended to streamline the review process, and the proposed fee for unsuccessful claims are appropriate given the proposal's purpose to allow members additional time to seek relief for very significant errors.<sup>8</sup>

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>9</sup> that the proposed rule change (SR-ISE-2007-112), as amended, is hereby approved.

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

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

[FR Doc. E8-4313 Filed 3-5-08; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57399; File No. SR-ISE-2008-10]

### Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Extension of a Pilot Program To List and Trade Options on the iShares Emerging Markets Index Fund

February 28, 2008.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 21, 2008, the International Securities Exchange, LLC ("ISE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in

<sup>7</sup> See, e.g., Securities Exchange Release Nos. 54228 (July 27, 2006), 71 FR 44066 (August 3, 2006) (SR-ISE-2006-14) (approving revisions to ISE's Obvious Error Rule) and 48097 (June 26, 2003), 68 FR 39604 (July 2, 2003) (SR-ISE-2003-10) (approving revisions to ISE's Obvious Error Rule).

<sup>8</sup> In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>9</sup> 15 U.S.C. 78s(b)(2).

<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.

Items I and II below, which Items have been prepared substantially by ISE. ISE filed the proposed rule change as a "non-controversial" proposed 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 it 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

ISE proposes to extend the pilot period applicable to ISE's listing and trading of options on the iShares MSCI Emerging Markets Index Fund ("Fund"). ISE is not proposing any textual changes to its rules.

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

In its filing with the Commission, ISE included statements concerning the purpose of, and basis for, the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. 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 August 27, 2007, the Commission published a notice of filing and immediate effectiveness of a proposed rule change by the ISE to list and trade options on the Fund for a six month pilot period.<sup>5</sup> The pilot period expired on February 27, 2008. The Exchange now proposes to extend the current pilot program for an additional six month period, until August 27, 2008.

The Fund continues to meet substantially all of the listing and maintenance standards in ISE Rules 502(h) and 503(h), respectively. For the requirements that are not met, the Exchange represents that sufficient mechanisms exist that would provide the Exchange with adequate surveillance and regulatory information with respect to the Fund. Continuation of the pilot would permit the Exchange to work with the Bolsa Mexicana de

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

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

<sup>5</sup> See Securities Exchange Act Release No. 56324 (August 27, 2007), 72 FR 50426 (August 31, 2007) (SR-ISE-2007-72).

<sup>4</sup> In comparison, ISE Market Control makes initial obvious error determinations that can then be appealed to an Obvious Error Panel.

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).

Valores (“Bolsa”) to enter into a surveillance sharing agreement.

## 2. Statutory Basis

The proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>6</sup> in general, and with Section 6(b)(5) of the Act,<sup>7</sup> in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

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

ISE 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.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and Rule 19b-4(f)(6) thereunder.<sup>9</sup>

A proposed rule change filed under 19b-4(f)(6) normally may not become operative prior to 30 days after the date of filing.<sup>10</sup> However, Rule 19b-4(f)(6)(iii)<sup>11</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that waiving the 30-day operative delay is consistent with the protection of

investors and the public interest.<sup>12</sup> Waiver of the 30-day operative period will extend the pilot program until August 27, 2008, which would otherwise expire on February 27, 2008, and allow the ISE to continue in its efforts to obtain a surveillance agreement with Bolsa. Accordingly, the Commission hereby grants the Exchange’s request and designates the proposal as operative upon filing.

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 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 No. SR-ISE-2008-10 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-2008-10. 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 also will be available for inspection and copying at the principal office of ISE. 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-2008-10 and should be submitted on or before March 27, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

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

[FR Doc. E8-4314 Filed 3-5-08; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57404; File No. SR-NSCC-2007-06]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Order Approving Proposed Rule Change To Modify the Hearing Procedures Afforded to Members and Applicants for Membership and Harmonize Them With Similar Rules of Its Affiliates

February 29, 2008.

## I. Introduction

On April 30, 2007, the National Securities Clearing Corporation (“NSCC”) filed with the Securities and Exchange Commission (“Commission”) proposed rule change SR-NSCC-2007-06 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”).<sup>1</sup> The proposed rule change was published for comment in the **Federal Register** on December 6, 2007.<sup>2</sup> No comment letters were received on the proposal. This order approves the proposal.

## II. Description

The proposed rule change (1) modifies NSCC’s rules regarding hearing procedures afforded to members and applicants for membership and (2) where practicable or beneficial,

<sup>13</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> Securities Exchange Act Release No. 56865 (Nov. 29, 2007), 72 FR 68930.

<sup>6</sup> 15 U.S.C. 78f.

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

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

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

<sup>10</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. ISE has complied with this requirement.

<sup>11</sup> *Id.*

<sup>12</sup> For purposes only of waiving the 30-day operative delay of this proposal, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).