

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 the NASD. 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 No. SR-NASD-2007-016 and should be submitted on or before March 30, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>18</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55391; File No. SR-NSCC-2007-04]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Collateral Management Service

March 2, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,<sup>1</sup> notice is hereby given that on February 22, 2007, the National Securities Clearing Corporation ("NSCC") 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 substantially by NSCC. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>2</sup> and Rule 19b-4(f)(4)<sup>3</sup> thereunder so that

the proposal was 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

Under the proposed rule change, NSCC will eliminate references to the Collateral Management Service ("CMS") in its rules and procedures.

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

In its filing with the Commission, NSCC 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. NSCC 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

NSCC has offered CMS to its members since 1995.<sup>4</sup> CMS was created to provide NSCC members with access on a daily basis to information regarding their clearing fund, margin, and other similar requirements and deposits ("CMS data") at NSCC, other participating clearing agencies registered with the Commission, and clearing organizations recognized by the Commodity Futures Trading Commission (collectively, "Participating Clearing Entities"<sup>5</sup>). The information included such things as excess or deficit amounts and data on underlying collateral. The CMS service also permitted Participating Clearing Entities to receive CMS data with respect to their participants.

However, few NSCC members elected to use CMS because they can obtain access to CMS data by other means

provided by NSCC. In addition, by the end of 2004, the Participating Clearing Entities had long ceased transmitting CMS data to NSCC, and the service had become dormant. Accordingly, NSCC will delete Rule 53 and Procedure XVI (Collateral Management Service), will delete all references to CMS from Rule 4, Section 9 (Clearing Fund), and will amend Rule 49 (Release of Clearing Data) to preserve NSCC's right to share clearing fund data with appropriate regulatory and self-regulatory organizations.

NSCC believes that the proposed rule change is consistent with Section 17A of the Act<sup>6</sup> and the rules and regulations thereunder because by eliminating rules pertaining to an obsolete and dormant service, while preserving its right to share clearing fund data with appropriate regulatory bodies, NSCC's rules will more accurately reflect the services it provides to its members.

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

NSCC does not believe that the proposed rule change will have any impact or impose any burden on competition.

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

NSCC has discussed the proposed rule change with Participating Clearing Entities but has not solicited or received written comments relating to the proposed rule change. NSCC will notify the Commission of any written comments it receives.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>7</sup> and Rule 19b-4(f)(4)<sup>8</sup> thereunder because it effects a change in an existing service of a registered clearing agency that does not adversely affect the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible and does not significantly affect the respective rights or obligations of the clearing agency or persons using the service. 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

<sup>18</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>3</sup> 17 CFR 240.19b-4(f)(4).

<sup>4</sup> Securities Exchange Act Release No. 36091 (Aug. 10, 1995), 60 FR 42931 (Aug. 17, 1995) [File No. SR-NSCC-95-6]. See also Securities Exchange Act Release Nos. 38283 (Feb. 13, 1997), 62 FR 38283 (Feb. 21, 1997) [File No. SR-NSCC-96-19], and 40740 (Dec. 3, 1998), 63 FR 67962 (Dec. 9, 1998) [File No. SR-NSCC-98-10].

<sup>5</sup> The original Participating Clearing Entities were: Participants Trust Company, Philadelphia Depository Trust Company, Stock Clearing Corporation of Philadelphia, Boston Stock Exchange Clearing Corporation, The Depository Trust Company, The Options Clearing Corporation, MBS Clearing Corporation, and Government Securities Clearing Corporation.

<sup>6</sup> 15 U.S.C. 78q-1.

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>8</sup> 17 CFR 240.19b-4(f)(4).

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-NSCC-2007-04 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 No. SR-NSCC-2007-04. 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 Section, 100 F Street, NE., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at NSCC's principal office and on NSCC's Web site at <http://www.nsccl.com/legal/index.html>. 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 submission should refer to File No. SR-NSCC-2007-04 and should be submitted on or before March 30, 2007.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55387; File No. SR-NYSE-2007-23]

### **Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 15A.50 Clarifying the Circumstances Under Which the Exchange Will Automatically Route Orders to Other Market Centers to Prevent Trade-Throughs, and Rename Rule 15A**

March 2, 2007.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on March 1, 2007, the New York Stock Exchange LLC ("NYSE" or the "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 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 is proposing to amend Rule 15A.50 to describe how trade-throughs will be prevented on the Exchange in conformance with the Order Protection Rule ("OPR")<sup>4</sup> of Regulation National Market System ("Reg. NMS")<sup>5</sup> beginning on the Trading Phase Date of Reg. NMS,<sup>6</sup> and to rename Rule 15A the "Order Protection Rule."

#### **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. 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**

The NYSE proposes to amend Rule 15A.50 to reflect the circumstances under which the Exchange will automatically route orders to other market centers to prevent trade-throughs<sup>7</sup> on its market, beginning on the Trading Phase Date of Reg. NMS. The avoidance of trade-throughs on the Exchange has been governed by Section 8(d)(i) (Order Protection—Trade Throughs; Locked Markets) and the related provisions of Section B of the ITS Plan, and NYSE Rule 15A (ITS "Trade-Throughs" And "Locked Markets"), implemented as a function of the Exchange's participation in the ITS Plan. Presently, NYSE Rule 15A.50 describes the circumstances under which the Exchange will route orders to other market centers to avoid trade-throughs according to parameters established by the ITS Plan. However, it is expected that the termination of the ITS Plan will coincide with the Trading Phase Date. More significantly, the Exchange is required to fully operate a Reg. NMS-compliant trading system, which includes compliance with Rule 611 of Reg. NMS,<sup>8</sup> no later than the Trading Phase Date in order to qualify NYSE quotations for trade-through protection beginning with the Pilot Stocks Phase and beyond.<sup>9</sup>

The Exchange notes that it completed Phase IV of the Hybrid Market<sup>SM</sup> rollout on February 28, 2007.

The rule amendment proposed herein is intended to conform Rule 15A.50 in recognition of certain Phase IV changes that were made to Exchange trading systems to be consistent with the requirements of Rule 611 of Reg. NMS,<sup>10</sup> as well as the elimination of the ITS Plan. Specifically, the amendment seeks to update NYSE Rule 15A.50 to describe the conditions under which the

<sup>9</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> 17 CFR 242.611.

<sup>5</sup> See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

<sup>6</sup> The Trading Phase Date is currently March 5, 2007.

<sup>7</sup> As defined in Reg. NMS, a "trade-through" is the "purchase or sale of an NMS stock during the regular trading hours, either as principal or agent, at a price that is lower than a protected bid or higher than a protected offer." 17 CFR 242.600(b)(77).

<sup>8</sup> 17 CFR 242.611.

<sup>9</sup> The Pilot Stocks Phase is currently set to begin on July 9, 2007.

<sup>10</sup> 17 CFR 242.611.