

Number SR-ISE-2008-20 and should be submitted on or before March 28, 2008.

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

Florence E. Harmon,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57391; File No. SR-NSCC-2007-15]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to the Admission of Foreign Entities

February 27, 2008.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on November 16, 2007, 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 primarily by NSCC. 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 establish a policy statement regarding the admission of entities that are organized in a foreign country and are not subject to U.S. federal or state regulation (“foreign entities”) as members of NSCC.²

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.³

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

NSCC Rule 2 and Addendum B to NSCC’s Rules address the admission of applicants as NSCC members. NSCC’s Rules provide that admission as a member is subject to an applicant’s demonstration that it meets NSCC’s standards of financial responsibility, operational capability, and character. Additionally, each member must continue to be in a position to demonstrate to NSCC that it meets these standards. The purpose of the proposed rule change is to establish admission criteria that will permit a well-qualified foreign entity to become an NSCC member and thereby obtain direct access to NSCC’s services while assuring that the unique risks associated with the admission of foreign entities are adequately addressed.

The admission of foreign entities as members raises a number of unique risks and issues, including that (1) the entity is not subject to U.S. federal or state regulation, (2) the operation of the laws of the entity’s home country and time zone differences⁴ may impede the successful exercise of NSCC’s rights and remedies particularly in the event of the entity’s failure to settle, and (3) financial information about the foreign entity made available to NSCC for monitoring purposes may be less adequate than information about U.S.-based entities.

The proposed rule change would add a new Policy Statement⁵ to NSCC’s Rules that in addition to requiring execution of the standard NSCC Membership Agreement would require a foreign entity to enter into a series of undertakings and agreements that are designed to address jurisdictional concerns and to assure that NSCC is

³ The Commission has modified parts of these statements.

⁴ Time zone differences could complicate communications between the foreign member and its U.S. Settling Bank with respect to the timely payment of the member’s net debit to NSCC, including intraday demands for payment. These differences could also delay NSCC’s receipt of information available in the member’s home country to others (including its other creditors) about the member’s financial condition on the basis of which NSCC would have taken steps to protect the interests of NSCC and its members.

⁵ NSCC’s proposed “Policy Statement on the Admission of Non-U.S. Entities as Direct Clearing Corporation Members” is attached as Exhibit 5 to its filing, which can be found at http://www.dtcc.com/downloads/legal/rule_filings/2007/nsc2007-15.pdf.

provided with audited financial information that is acceptable to NSCC.⁶

The new Policy Statement would also require that a foreign entity (1) be subject to regulation in its home country and (2) be in good standing with its home country regulator.

The proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Act. The proposed rule change does not unfairly discriminate against foreign entities seeking admission as members because it appropriately takes into account the unique risks to NSCC raised by their admission.

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

NSCC perceives no impact on competition by reason of the proposed rule change.

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

Written comments from NSCC Participants or others have not been solicited or received on the proposed rule change.

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

⁶ In the Policy Statement, NSCC has reserved the right to waive certain of the criteria where such criteria are inappropriate to a particular applicant or class of applicants (e.g., a foreign government or international securities clearing corporation).

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Depository Trust Company (“DTC”) has filed a similar proposed rule change that would permit DTC to adopt a similar policy statement with respect to the admission of foreign entities as participants. Securities Exchange Act Release No. 57392 (February 27, 2008) (File No. SR-DTC-2007-16).

• Send an e-mail to *rule-comments@sec.gov*. Please include File Number SR–NSCC–2007–15 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–NSCC–2007–15. 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, 100 F Street, NE, Washington, DC 20549, 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 NSCC. 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–NSCC–2007–15 and should be submitted on or before March 28, 2008.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.⁷

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–57412; File No. SR–NYSEArca–2008–21]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Extending the SizeQuote Mechanism Pilot Program for a Period of One Year

March 3, 2008.

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 February 15, 2008, NYSE Arca, Inc. (“NYSE Arca” or “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 substantially by NYSE Arca. NYSE Arca has designated the proposed rule change as one constituting a non-controversial rule change under Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b–4(f)(6) 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

NYSE Arca is proposing to amend its rules in order to extend its SizeQuote Mechanism pilot program (“Pilot Program”),⁵ for a one-year period ending February 15, 2009. The text of the proposed rule change is available at <http://www.nyse.com>, NYSE Arca, and the Commission's Public Reference Room.

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

In its filing with the Commission, NYSE Arca 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. NYSE Arca 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 purpose of this proposal is to extend, for a one year period, the Exchange's SizeQuote Pilot Program. The Pilot Program was initially established when the Exchange filed SR–PCX–2005–35.⁶ The Pilot Program was subsequently extended,⁷ and was set to expire on February 15, 2008.

The Exchange has represented that at the completion of the Pilot Program, NYSE Arca would provide to the Commission a report summarizing the effectiveness of the SizeQuote program. While the Exchange believes that the SizeQuote Mechanism can be an effective tool for Floor Brokers to use while executing large size orders in open outcry, the mechanism has not been used frequently enough to supply sufficient evidence to evaluate the effectiveness of the Pilot Program. In order to allow for additional time to compile sufficient evidence as to the effectiveness of the Pilot Program, NYSE Arca proposes to extend the Pilot Program for an additional one-year period ending February 15, 2009.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5),⁹ in particular, in that it is designed to facilitate transactions in securities, to promote just and equitable principles of trade, and to protect investors and the public interest.

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

The Exchange 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.

⁶ See Securities Exchange Act Release No. 51576 (April 19, 2005), 70 FR 21488 (April 26, 2005).

⁷ See Securities Exchange Act Release No. 53315 (February 15, 2006), 71 FR 9406 (February 23, 2006) (SR–PCX–2006–09); Securities Exchange Act Release No. 55312 (February 16, 2007), 72 FR 8827 (February 27, 2007) (SR–NYSEArca–2007–16).

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(5).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b–4(f)(6).

⁵ See NYSE Arca Rule 6.47(f).

⁷ 17 CFR 200.30–3(a)(12).