

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54747; File No. SR-BSE-2006-51)

November 14, 2006

Self-Regulatory Organizations; Boston Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto Relating to Exchange Fees and Charges

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 October 31, 2006, the Boston Stock Exchange, Inc. (“BSE” or “Exchange”) 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 the BSE. On November 13, 2006, the BSE filed Amendment No. 1 to the proposed rule change.³ The BSE has designated this proposal as one changing a due, fee, or other charge under Section 19(b)(3)(A)(ii) of the Act,⁴ and Rule 19b-4(f)(2) thereunder,⁵ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested parties.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the existing BSE fee schedules to reflect a new Designated Examining Authority (“DEA”) fee to be charged to Members for whom the BSE is the primary DEA. The text of the proposed rule change is available on the Exchange’s Web site

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Exchange revised the proposed rule text to correct inadvertent underlining and add additional clarifying language to the discussion of the proposed rule change.

⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

⁵ 17 CFR 240.19b-4(f)(2).

(<http://www.bostonstock.com>) and at the Commission's Public Reference Room. Below is the text of the proposed rule change, as amended. Proposed new language is underlined; proposed deletions are [bracketed].

* * * * *

MEMBERSHIP AND OTHER FEES

1) Membership

Membership Dues	\$ 1,000	per membership per quarter
Clearing Corporation Deposit	\$ 6,000	(refundable)
Account Maintenance	\$ 200	per month
SRO Fee	\$ 100	per month
DEA Fee	\$ [600] <u>2,085</u>	per month for firms where the BSE is the primary DEA
	\$ 400	per month for firms where the BSE is not the primary DEA
BSE Rules and Guides		CCH annual subscription rate
Transfer of Membership	\$ 500	for intra-firm or inter-firm
Membership Lease Fee (for seats leased from BSE Treasury only)		1% per month of last consummated membership sale, billed quarterly

* * * * *

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 BSE included statements concerning the purpose of, and basis for, the proposed rule change, as amended, and discussed any comments it received regarding the proposed rule change, as amended. The text of these statements may be examined

at the places specified in Item IV below. The BSE 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 filing is to amend the existing BSE fee schedules to reflect the new DEA fee to be charged to Members for whom the BSE is the primary DEA. The BSE has entered to an agreement (the “Agreement”) with the NASD whereby the NASD has agreed to provide services to the BSE in support of the BSE’s exercise of its regulatory authority as a self-regulatory organization, or “SRO,” as that term is defined in Section 3(a)(26) of the Act.⁶ The Agreement does not allocate regulatory responsibilities pursuant to Rule 17d-2 under the Act, which responsibilities will remain with the BSE. In accordance with the Agreement, the NASD shall perform certain services for Member firms for whom the BSE is the DEA.

The BSE will charge the Member firms for whom the BSE is the primary DEA approximately \$25,000 annually to provide the necessary services for each BSE Member for whom the BSE is the primary DEA. The \$25,000 fee will be charged on a monthly basis over a twelve month time period. The BSE proposes amending its existing fee schedule to increase the DEA fee for Members for whom the BSE is the primary DEA from \$600.00 per month to \$2085.00 per month. The increase in the DEA fee is necessary in order to enable the BSE to properly carry out its regulatory responsibilities. The DEA fee for Members for whom the BSE is the primary DEA is essentially a pass through of the \$25,000 annual fee charged by the NASD to the BSE in connection with the services the NASD will provide in support of the BSE’s exercise of its regulatory authority.

⁶ 15 U.S.C. 78c(a)(26).

2. Statutory Basis

The Exchange believes that the proposed rule change, as amended, is consistent with the requirements of Section 6(b) of the Act, in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁷ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges and is designed to promote just and equitable principles of trade, and to protect investors and the public interest in that it is designed to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.⁸

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

The Exchange does not believe that the proposed rule change, as amended, 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

The Exchange has neither solicited nor received comments on the proposed rule change.

⁷ 15 U.S.C. 78f(b)(4) and (b)(5).

⁸ For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on November 13, 2006, the date on which the BSE filed Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

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

The foregoing proposed rule change, as amended, has been designated as a fee change pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(2) thereunder,¹⁰ because it establishes or changes a due, fee or other charge imposed by the Exchange. Accordingly, the proposal will take effect upon filing with the Commission. At any time within 60 days of the filing of the proposed rule change, as amended, 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, as amended, 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. Please include File Number SR-BSE-2006-51 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.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(2).

All submissions should refer to File Number SR-BSE-2006-51. 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 such filing also will be available for inspection and copying at the principal office of the BSE. 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-BSE-2006-51 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

Nancy M. Morris
Secretary

¹¹ 17 CFR 200.30-3(a)(12).