

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53261; File No. SR-PCX-2006-02)

February 9, 2006

Self-Regulatory Organizations; Pacific Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to streetTRACKS® Gold Shares Trading Hours

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 January 24, 2006, the Pacific Exchange, Inc. (“PCX” 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 by the PCX. The PCX has filed the proposed rule change, pursuant to Section 19(b)(3)(A) 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

The PCX, through its wholly owned subsidiary PCX Equities, Inc. (“PCXE”), proposes to amend its rules governing the Archipelago Exchange (“ArcaEx”), the equity trading facility of PCXE. With this filing, the Exchange proposes to expand the hours under PCXE Rule 7.34 that the streetTRACKS® Gold Shares (“Gold Shares”) are eligible to trade on ArcaEx pursuant to unlisted trading privileges (“UTP”). The Exchange has designated this proposal as non-

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

controversial and has requested that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) under the Act.⁵

The text of the proposed rule change is available on the Exchange's Internet Web site (<http://www.pacificex.com>), at the Exchange's principal office, and at 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, the PCX 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. 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 Commission previously approved a proposal to trade the Gold Shares pursuant to UTP during ArcaEx's core trading session from 9:30 a.m. Eastern Time ("ET") until 4:15 p.m. ET.⁶ The Exchange seeks to expand the Gold Shares' trading hours, proposing that they should be eligible to trade on ArcaEx during the early, core and late trading sessions (4 a.m. ET to 8 p.m. ET), in accordance with PCXE Rule 7.34.

In addition, the Exchange, via a link to the Trust's streetTRACKS® Gold Trustsm ("Trust") Web site (<http://www.streettracksgoldshares.com>), will provide at no charge,

⁵ 17 CFR 240.19b-4(f)(6)(iii).

⁶ See Securities Exchange Act Release No. 51245 (February 23, 2005), 70 FR 10731 (March 4, 2005) (SR-PCX-2004-117) ("PCX Approval Order").

continuously updated bids and offers indicative of the spot price of gold on its own public Web site: (<http://www.pacificex.com>), and on ArcaEx's Web site at (<http://www.archipelago.com>).⁷

The Trust Web site also provides an intraday calculation of the estimated Net Asset Value ("NAV") (also known as the Intraday Indicative Value or "IIV") of a Gold Share as calculated by multiplying the indicative spot price of gold by the quantity of gold backing each Gold Share. The indicative spot price and IIV per Gold Share are provided on an essentially real-time basis (updated at least every 15 seconds) and are available during ArcaEx's early, core and late trading sessions.⁸

In support of this proposed rule change, the Exchange states that the representations in the PCX Approval Order regarding trading in Gold Shares are applicable to all trading sessions, in particular:

1. The Exchange has appropriate rules to facilitate transactions in Gold Shares during all trading sessions.
2. The Exchange's surveillance procedures are adequate to properly monitor trading of the Gold Shares in all trading sessions.

⁷ The Trust web site's gold spot price will be provided by The Bullion Desk (<http://www.thebulliondesk.com>). The Bullion Desk is not affiliated with the Trust, its sponsor, its custodian or the Exchange. See Securities Exchange Act Release No. 50603 (October 28, 2004), 69 FR 64614 (November 5, 2004) (SR-NYSE-2004-22) ("NYSE Approval Order")

⁸ Additionally, each day, the Sponsor updates the IIV per Gold Share shortly after calculation of the net asset value per Gold Share. Telephone conversation between Stuart Thomas, Managing Director, World Gold Council, and David Strandberg, Archipelago Exchange, and Florence Harmon, Senior Special Counsel, Division of Market Regulation ("Division"), Commission dated January 12, 2006. See also NYSE Approval Order at p. 14 (the Trust's Web site will disseminate these values subject to an average delay of 5 to 10 seconds).

3. The Exchange has distributed an Information Circular to Equity Trading Permit (“ETP”) Holders prior to the commencement of trading of the Gold Shares on the Exchange that explains the terms, characteristics, and risks of trading such shares.
4. The Exchange will require ETP Holders with a customer who purchases newly issued Gold Shares in any trading session on ArcaEx to provide that customer with a product prospectus and has noted this prospectus delivery requirement in the Information Circular.
5. Because ArcaEx is trading Gold Shares pursuant to UTP, the Exchange will cease trading in the Gold Shares during all ArcaEx trading sessions if: (a) the primary market stops trading the Gold Shares because of a regulatory halt similar to a halt based on PCXE Rule 7.12 and/or a halt because dissemination of the IIV and/or the unaffiliated gold value has ceased or the Exchange no longer provides a hyperlink to the Trust’s Web site; or (b) the primary market delists the Gold Shares. Additionally, the Exchange may cease trading the Gold Shares if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.
6. Because ArcaEx is trading pursuant to UTP the Gold Shares during its early and late trading sessions, when the primary market is closed, the Exchange will monitor the unaffiliated value of gold and IIV per Gold Share and ensure that trading of the Gold Shares on ArcaEx will cease during the early and late trading sessions, if the unaffiliated value of gold and IIV per Gold Share (used by the primary listing exchange) is no longer calculated or available during the early and late trading sessions, or the Exchange stops providing a hyperlink on the Exchange’s Web site to such unaffiliated gold value or IIV per Gold Share.

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁰ in particular, in that it is designed to facilitate transactions in securities, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, 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.

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

Written comments on the proposed rule change were neither solicited nor received.

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

Because the proposed rule change: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not become operative prior to 30 days after the date of filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interests,

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

the proposed rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹¹ and Rule 19b-4(f)(6) thereunder.¹²

PCX requests that the Commission waive the 30-day pre-operative period specified in Rule 19b-4(f)(6)(iii).¹³ The Commission hereby grants that request and finds that waiving the 30-day pre-operative period is consistent with the protection of investors and public interest because PCX has addressed regulatory issues herein by ensuring that the Gold Shares will trade in all ArcaEx trading sessions with the relevant IIV and indicative spot price of gold available. The waiver will permit the Exchange to implement the proposed rule change without delay and thereby providing ETP Holders and the public greater liquidity and opportunities to trade, helping to reduce trading costs and promote competition among marketplaces.¹⁴ For these reasons, the Commission designates the proposal to be effective and operative upon filing with the Commission.¹⁵

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

¹¹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹² 17 CFR 240.19b-4(f)(6). As required by Rule 19b-4(f)(6)(iii) under the Act, the Exchange also provided the Commission with written notice of intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five days (or such time as designated by the Commission) prior to doing so.

¹³ 17 CFR 240.19b-4(f)(6)(iii).

¹⁴ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁵ For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

or appropriate in the public interest, for the protection of investors or otherwise in furtherance of the purposes of the Act.¹⁶

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 email to rule-comments@sec.gov. Please include File Number SR-PCX-2006-02 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-PCX-2006-02. The 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

¹⁶ See Section 19(b)(3)(C) of the Act, 15 U.S.C. 78s(b)(3)(C).

such filing also will be available for inspection and copying at the principal office of the Exchange. 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-PCX-2006-02 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.¹⁷

Nancy M. Morris,
Secretary

¹⁷ 17 CFR 200.30-3(a)(12).