

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53520; File No. SR-PCX-2005-117)

March 20, 2006

Self-Regulatory Organizations; Pacific Exchange, Inc. (n/k/a NYSE Arca, Inc.); Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 Thereto Relating to the Trading of Shares of the iShares® Silver Trust Pursuant to Unlisted Trading Privileges

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 11, 2005, the Pacific Exchange, Inc. (n/k/a NYSE Arca, Inc.) (“Exchange”),³ through its wholly owned subsidiary PCX Equities, Inc. (n/k/a NYSE Arca Equities, Inc.), has 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 Exchange proposes to amend the rules governing Archipelago Exchange, LLC (n/k/a NYSE Arca, LLC), the equities trading facility of NYSE Arca Equities, Inc. On March 3, 2006, the Exchange filed Amendment No. 1 to the proposed rule change.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons and is approving the proposal on an accelerated basis.

¹ 15 U.S.C 78s(b)(1).

² 17 CFR 240.19b-4.

³ On March 6, 2006, the Pacific Exchange, Inc. (“PCX”), filed with the Commission a proposed rule change, which was effective upon filing, to change the name of the Exchange, as well as several other related entities, to reflect Archipelago’s recent acquisition of PCX and the merger of the NYSE with Archipelago. See File No. SR-PCX-2006-24. All references herein have been changed to reflect these transactions. Telephone conference between David Strandberg, Director, NYSE Arca Equities Inc., and Florence E. Harmon, Senior Special Counsel, Division of Market Regulation (“Division”), Commission, on March 10, 2006.

⁴ In Amendment No. 1, the Exchange clarified and supplemented certain aspects of its proposal. Amendment No. 1 replaces and supplements the information provided in various sections of the Exchange’s Form 19b-4.

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

The Exchange, through its wholly-owned subsidiary, NYSE Arca Equities, Inc., proposes to amend its rules governing the Archipelago Exchange (n/k/a NYSE Arca MarketPlace), the equities trading facility of NYSE Arca Equities, Inc. The Exchange proposes to trade, pursuant to unlisted trading privileges (“UTP”), shares (“Shares”) of the iShares® Silver Trust (the “Trust”).⁵

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 III below, and is set forth in Sections A, B, and C below.

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

1. Purpose

The Exchange proposes to trade the Shares pursuant to UTP under NYSE Arca Equities, Inc. Rule 8.201. Under NYSE Arca Equities, Inc. Rule 8.201, which the Exchange adopted in January 2005,⁶ the Exchange may propose to list and/or trade pursuant to UTP “Commodity-

⁵ iShares® is a registered trademark of Barclays Global Investors, N.A.

⁶ See Securities Exchange Act Release No. 51067 (January 21, 2005), 70 FR 3952 (January 27, 2005) (approving the listing and trading of Commodity-Based Trust Shares and trading of shares of the iShares COMEX Gold Trust pursuant to UTP).

Based Trust Shares.”⁷ The Exchange currently trades shares of the iShares COMEX Gold Trust⁸ and the streetTRACKS Gold Trust⁹ pursuant to UTP under NYSE Arca Equities, Inc. Rule 8.201. The American Stock Exchange LLC (“Amex”) has filed a rule proposal to list and trade the Shares,¹⁰ which the Commission approved on March 20, 2006.¹¹

The Shares represent beneficial ownership interests in the net assets of the Trust consisting primarily of silver bullion (“silver”). The investment objective of the Trust is for the Shares to reflect the performance of the price of silver, less the Trust’s expenses.

(a) The Shares

A description of the silver and the Shares, the operation of the Trust, and other information about the Shares is set forth in the Amex Notice and Amex Order. To summarize, issuances of Shares will be made only in baskets of 50,000 Shares or multiples thereof (“Baskets” or “Basket Aggregations”). The Trust will issue and redeem the Shares on a continuous basis, by or through participants that have entered into participant agreements (each, an “Authorized Participant”)¹² with Barclays Global Investors International, Inc. (the “Sponsor”)

⁷ Commodity-Based Trust Shares are securities issued by a trust that represent investors’ discrete identifiable and undivided beneficial ownership interest in the commodities deposited into the trust. Unlike trust issued receipts (“TIRs”), Commodity-Based Trust Shares hold one or more physical commodities, rather than one or more discrete securities.

⁸ See supra, note 7.

⁹ See Securities Exchange Act Release No. 34-51245 (February 23, 2005), 70 FR 10731 (March 4, 2005) (approving the trading of shares of the streetTRACKS Gold Trust pursuant to UTP).

¹⁰ See Securities Exchange Act Release No. 53130 (January 17, 2006), 71 FR 3570 (January 23, 2006) (SR-AMEX-2005-072) (“Amex Notice”).

¹¹ See Securities Exchange Act Release No. 53521 (March 20, 2006) (“Amex Order”).

¹² An “Authorized Participant” is a person, who at the time of submitting to the trustee an order to create or redeem one or more Baskets, (i) is a registered broker-dealer, (ii) is a

and The Bank of New York (the “Trustee” or “BNY”).

Baskets will be issued as an in-kind exchange for a corresponding amount of silver. The basket amount of silver, measured in ounces (the “Basket Silver Amount”) will be determined on each business day by the Trustee.¹³ The Basket Silver Amount necessary for the creation of a Basket will slightly diminish each day depending on the Trust’s daily expense accrual.¹⁴

Authorized Participants that wish to purchase a Basket must transfer the Basket Silver Amount to the Trust in exchange for a Basket of Shares. Baskets are then separable upon issuance into the Shares that will be traded on NYSE Arca MarketPlace on a UTP basis.¹⁵

The Shares will not be individually redeemable but will only be redeemable in Baskets. To redeem, an Authorized Participant will be required to accumulate enough Shares to constitute a Basket (i.e., 50,000 Shares). Authorized Participants that wish to redeem a Basket will receive the Basket Silver Amount in exchange for each Basket surrendered. The operation of the Trust

Depository Trust Company Participant or an Indirect Participant and (iii) has in effect a valid Authorized Participant Agreement.

¹³ On each business day, the Trustee will make available immediately prior to the opening of trading on the Amex, the Indicative Basket Silver Amount for the creation of a Basket. The Sponsor will also make the next day’s Indicative Basket Silver Amount available on the Trust’s Web site at <http://www.iShares.com> shortly after 4:00 p.m. ET each business day. The Amex stated that the Basket Silver Amount, Indicative Basket Silver Amount and net asset value (“NAV”) will be publicly available simultaneously to all market participants (to avoid any informational advantage) on either the Trust’s Web site or the Amex Web site. These items will also be communicated to Authorized Participants via facsimile or electronic mail message.

¹⁴ According to the Amex Notice, the initial Basket Silver Amount is 500,000 ounces of silver (with each Share initially representing 10 ounces of silver). The number of ounces of silver required to create a basket or to be delivered upon a redemption of a basket will gradually decrease over time because the silver shares comprising a basket will represent a decreasing amount of silver due to the sale of the Silver Trust’s silver to pay Trust expenses.

¹⁵ Shares are separate and distinct from the underlying silver comprising the portfolio of the Trust. The Exchange expects that the number of outstanding Shares will increase and decrease as a result of in-kind deposits and withdrawals of the underlying silver.

and creation and redemption process is described in more detail in the Amex Notice and Order.

When calculating the net asset value (“NAV”) per Share, the Trustee will value the silver held by the Trust on the basis of the day’s announced London silver fix price. The calculation methodology for the NAV is described in more detail in the Amex Notice.

After the NAV is determined, at or about 4:00 p.m. Eastern Time (“ET”) each business day, the Trustee will then determine the Basket Silver Amount for orders placed by Authorized Participants received before 4:00 p.m. ET that day. The Trustee will also at the same time determine an “Indicative Basket Silver Amount” that Authorized Participants can use as an indicative amount of silver to be deposited for issuance of the Shares on the next business day. Thus, although Authorized Participants place orders to purchase Shares throughout the trading day, the actual Basket Silver Amount is determined at 4:00 p.m. ET or shortly thereafter.

After 4:00 p.m. ET each business day, the Trustee and the Sponsor will disseminate the NAV for the Shares, the Basket Silver Amount (for orders properly placed by 4:00 p.m. ET during the day), and the next day’s Indicative Basket Silver Amount. The Basket Silver Amount, the Indicative Basket Silver Amount, and the NAV are communicated by the Trustee to all Authorized Participants via facsimile or electronic mail message and on the Trust’s Web site at <http://www.iShares.com> (to which the Exchange will provide a link).

The Sponsor fee, in the absence of any extraordinary expenses and liabilities, is established at 0.50% of the net assets of the Trust. As a result, assuming there is no extraordinary movement in the intra-day market price of silver, the amount of silver by which the Basket Silver Amount will decrease each day will be predictable (i.e., 1/365th of the net asset value of the Trust multiplied by 0.50%). Given the anticipated predictability of the daily decline in the Basket Silver Amount, as stated, the Trustee will disclose and disseminate the Indicative

Basket Silver Amount for the next business day shortly after 4:00 p.m. ET. Authorized Participants may use the Indicative Basket Silver Amount as guidance regarding the amount of silver expected to be deposited with the custodian, JP Morgan Chase Bank, N.A., London Branch, in connection with the issuance of Shares on the next business day.

As a result, the amount of silver required for the Basket Silver Amount is not disseminated during the trading day to correspond to changes in the value of silver as measured by spot silver prices. Before 4:00 p.m. ET, Authorized Participants may use the Indicative Basket Silver Amount published by the Sponsor and the Trustee the day before as guidance in respect of the amount of silver that they may expect to be required to deposit. But if the Indicative Basket Silver Amount published by the Sponsor and the Trustee turns out to be incorrect (for example, because the Trust incurred an extraordinary expense such as legal fees in excess of the amount assumed by the Sponsor), the amount actually determined by the Trustee will prevail, resulting in a greater decrease in the Basket Silver Amount.

(b) **Dissemination of Information About Silver Prices, the Shares, and the Indicative Trust Value**

1. Availability of Information Regarding Silver Prices

Although the spot price of silver will not be disseminated over the facilities of Consolidated Tape Association (“CTA”), the last sale price for the Shares, as is the case for all equity securities traded on the Exchange, will be disseminated over the CTA’s Network B. In addition, there is a considerable amount of silver price and market information available on public Web sites and through professional and subscription services.

Investors may obtain on a 24-hour basis silver pricing information based on the spot price of an ounce of silver from various financial information service providers, such as Reuters and

Bloomberg. In addition, the daily London silver fix is also disseminated by various market data vendors and is available from the Web site of the London Bullion Market Association (“LBMA”). Reuters and Bloomberg provide at no charge on their Web sites delayed information regarding the spot price of silver and last sale prices of silver futures contracts and related options, as well as information about news and developments in the silver market. Reuters and Bloomberg also offer a professional service to subscribers for a fee that provides information on silver prices directly from market participants.¹⁶ Complete real-time data for silver futures contracts and options prices traded on the COMEX, a division of the New York Mercantile Exchange, Inc. (“NYMEX”), is available by subscription from Reuters and Bloomberg and also on a delayed basis free of charge on the NYMEX Web site at <http://www.nymex.com>. The Exchange also notes that there are a variety of other public Web sites providing information on silver, ranging from those specializing in precious metals to sites maintained by major newspapers, such as The Wall Street Journal. Current silver spot prices are also generally available with bid/ask spreads from silver bullion dealers.

The Exchange will provide at no charge on its Web site at <http://www.archipelago.com>,¹⁷ via a link to the Trust’s Web site, updated bids and offers indicative of the spot price (i.e., real time information) of silver.¹⁸

¹⁶ According to the Amex Notice, EBS, a London-based provider of foreign exchange trading solutions, also provides an electronic trading platform to institutions such as bullion banks and dealers for the trading of spot silver, as well as a feed of live streaming prices to Reuters and Moneyline Telerate subscribers. Approximately 4 million ounces in silver are traded each day over the EBS trading platform. See Amex Notice, footnote 34; see also <http://www.ebs.com>.

¹⁷ NYSE Arca Inc.’s new Web site is <http://www.nysearca.com>. Telephone conference between David Strandberg, Director, NYSE Arca Equities Inc., and Florence E. Harmon, Senior Special Counsel, Division, Commission, on March 20, 2006.

¹⁸ The Trust Web site’s silver spot price will be provided by TheBullionDesk at <http://www.thebulliondesk.com>. The Exchange will provide a link to the Trust Web site.

2. Availability of Information Regarding Silver Shares

The Web site for the Trust, which will be publicly accessible at no charge, will contain the following information: (a) the prior business day's NAV and the reported closing price; (b) the mid-point of the bid-ask price in relation to the NAV as of the time the NAV is calculated (the "Bid-Ask Price"); (c) calculation of the premium or discount of such price against such NAV; (d) data in chart form displaying the frequency distribution of discounts and premiums of the Bid-Ask Price against the NAV, within appropriate ranges for each of the four previous calendar quarters; (e) the Basket Silver Amount; (f) the Indicative Basket Silver Amount; (g) the Prospectus; and (h) other applicable quantitative information.

As described above, the NAV for the Trust will be calculated and disseminated daily. According to the Amex Notice, the Amex also intends to disseminate for the Trust on a daily basis by means of CTA/CQ High Speed Lines information with respect to the Indicative Trust Value ("ITV") (as discussed below), recent NAV, and shares outstanding. As stated, the Trust Web site will also provide a real-time indicative silver spot price through TheBullionDesk at <http://www.thebulliondesk.com>, which will be used to calculate the ITV, according to the Amex Notice. Notwithstanding that they will be provided free of charge, the indicative spot price from the BullionDesk on the Trust Web site and the ITV per Share disseminated via the CTA, will be provided essentially on a real-time basis.¹⁹

The Exchange will make available on its Web site, <http://www.archipelago.com>, daily trading volume, closing prices, NAV, and the Basket Silver Amount. The London silver fix

TheBullionDesk is not affiliated with the Trust, Sponsor, Custodian or the Exchange. The silver spot price is indicative only, constructed using a variety of sources to compile a spot price that is intended to represent a theoretical quote that might be obtained from a market maker from time to time. The Trust Web site will indicate that there are other sources for obtaining the silver spot price.

¹⁹ That these values are subject to an average delay of 5 to 10 seconds.

price is readily available from the LBMA at <http://www.lbma.org.uk>, automated quotation systems, published or other public sources, or online information services such as Bloomberg or Reuters. In addition, the Exchange will provide a hyperlink on its Web site at <http://www.archipelago.com> to the Trust's Web site at <http://www.iShares.com>.

3. Dissemination of Indicative Trust Value

As noted above, the Trustee calculates the NAV of the Trust once each trading day. In addition, the Trustee causes to be made available on a daily basis the required amount of silver to be deposited in connection with the issuance of Shares in Basket Aggregations. In addition, other investors can request such information directly from the Trustee.

In order to provide updated information relating to the Trust for use by investors, professionals, and Authorized Persons wishing to create or redeem Shares, the Amex will disseminate through the facilities of CTA an updated ITV. The ITV will be disseminated on a per Share basis at least every 15 seconds from 9:30 a.m. to 4:15 p.m. ET. The ITV will be calculated based on the amount of silver required for creations and redemptions and a price of silver derived from updated bids and offers indicative of the spot price of silver. The ITV on a per Share basis should not be viewed as a real time update of the NAV, which is calculated only once a day.

The Exchange believes that dissemination of the ITV based on the amount of silver required for a Basket Aggregation provides additional information that is not otherwise available to the public and is useful to professionals and investors in connection with Shares trading on the Exchange or the creation or redemption of Shares. In addition, as noted above, the Trust's Web site at <http://www.iShares.com> will also provide from TheBullionDesk updated bids and offers

indicative of the spot price of silver in the OTC market for the purpose of disclosing to investors on a real-time basis the underlying or spot price of silver.

(c) UTP Criteria

The Exchange will cease trading in the Shares if (a) the listing market stops trading the Shares because of a regulatory halt similar to a halt based on NYSE Arca Equities, Inc. Rule 7.12 or a halt because the ITV or the value of the underlying silver is no longer available as described in the Amex Order; or (b) the listing market delists the Shares. Additionally, the Exchange may cease trading the Shares if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

(d) Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Fund subject to the Exchange's existing rules governing the trading of equity securities. Trading in the Shares on the Exchange will occur in accordance with NYSE Arca Equities, Inc. Rule 7.34(a), except that the Shares will not be eligible to trade during the Opening Session (4:00 a.m. to 9:30 a.m. ET) or the Late Trading Session (4:15 p.m. to 8:00 p.m. ET). The minimum trading increment for Shares on the Exchange will be \$0.01.

Further, NYSE Arca Equities, Inc. Rule 8.201 sets forth certain restrictions on ETP Holders acting as registered Market Makers in the Shares to facilitate surveillance. Pursuant to NYSE Arca Equities, Inc. Rule 8.201(h), an ETP Holder acting as a registered Market Maker in the Shares is required to provide the Exchange with information relating to its trading in the underlying silver, related futures or options on futures, or any other related derivatives. NYSE Arca Equities, Inc. Rule 8.201(i) prohibits an ETP Holder acting as a registered Market Maker in the Shares from using any material nonpublic information received from any person associated

with an ETP Holder or employee of such person regarding trading by such person or employee in the underlying silver, related futures or options on futures or any other related derivative (including the Shares). In addition, NYSE Arca Equities, Inc. Rule 8.201(g) prohibits an ETP Holder acting as a registered Market Maker in the Shares from being affiliated with a market maker in the underlying silver, related futures or options on futures, or any other related derivative unless adequate information barriers are in place, as provided in NYSE Arca Equities, Inc. Rule 7.26.

As a general matter, the Exchange has regulatory jurisdiction over its ETP Holders and their associated persons, which include any person or entity controlling an ETP Holder, as well as a subsidiary or affiliate of an ETP Holder that is in the securities business. A subsidiary or affiliate of an ETP Holder that does business only in commodities or futures contracts would not be subject to Exchange jurisdiction, but the Exchange could obtain information regarding the activities of such subsidiary or affiliate through surveillance sharing agreements with regulatory organizations of which such subsidiary or affiliate is a member.

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. Trading on the Exchange in the Shares may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include (1) the extent to which conditions in the underlying silver market have caused disruptions and/or lack of trading, or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading in the Shares will be subject to trading halts caused by extraordinary market volatility pursuant to the Exchange's "circuit breaker" rule.²⁰ In addition,

²⁰ See NYSE Arca Equities, Inc. Rule 7.12.

the Exchange will cease trading the Shares if (a) the listing market stops trading the Shares because of a regulatory halt similar to NYSE Arca Equities, Inc. Rule 7.12 or a halt because the ITV or the value of the underlying silver is no longer available as described in the Amex Order, or (b) the listing market delists the Shares.

Shares will be deemed “Eligible Listed Securities,” as defined in NYSE Arca Equities, Inc. Rule 7.55, for purposes of the Intermarket Trading System (“ITS”) Plan and therefore will be subject to the trade through provisions of NYSE Arca Equities, Inc. Rule 7.56, which require that ETP Holders avoid initiating trade-throughs for ITS securities.

Unless exemptive or no-action relief is available, the Shares will be subject to the short sale rule, Rule 10a-1 and Regulation SHO under the Act.²¹ If exemptive or no-action relief is provided, the Exchange will issue a notice detailing the terms of the exemption or relief.

(e) **Surveillance**

The Exchange intends to utilize its existing surveillance procedures applicable to derivative products and shares of the streetTRACKS Gold Trust²² to monitor trading in the Shares. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares.

The Exchange’s current trading surveillance focuses on detecting securities trading outside their normal patterns. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations. Also, as noted above, pursuant to NYSE Arca Equities, Inc. Rule 8.201(h), the Exchange is able to obtain information regarding trading in the Shares and the

²¹ According to the Amex Notice, the Silver Trust has requested relief from the Commission in connection with the trading of the Shares from the operation of the short sale rule, Rule 10a-1, and Regulation SHO under the Act.

²² See supra, note 10.

underlying silver, silver futures contracts, options on silver futures, or any other silver derivative, through ETP Holders acting as registered Market Makers, in connection with such ETP Holders' proprietary or customer trades which they effect on any relevant market. In addition, the Exchange may obtain trading information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members or affiliates of the ISG. Also, the Exchange has an Information Sharing Agreement with the NYMEX for the purpose of sharing information in connection with trading in or related to COMEX silver futures contracts.

(f) **Information Bulletin**

Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (1) the procedures for purchases and redemptions of Shares in Baskets (including noting that Shares are not individually redeemable); (2) NYSE Arca Equities, Inc. Rule 9.2(a),²³ which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) how information regarding the ITV is disseminated; (4) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (5) trading information. For example, the Information Bulletin will advise ETP Holders, prior to the commencement of trading, of the

²³ The Exchange has proposed to amend NYSE Arca Equities, Inc. Rule 9.2(a) ("Diligence as to Accounts") to provide that ETP Holders, before recommending a transaction, must have reasonable grounds to believe that the recommendation is suitable for the customer based on any facts disclosed by the customer as to his other security holdings and as to his financial situation and needs. Further, the proposed rule amendment provides that prior to the execution of a transaction recommended to a non-institutional customer, the ETP Holders should make reasonable efforts to obtain information concerning the customer's financial status, tax status, investment objectives and any other information that they believe would be useful to make a recommendation. See Amendment No. 1 to SR-PCX-2005-115 (November 21, 2005).

prospectus delivery requirements applicable to the Trust. The Exchange notes that investors purchasing Shares directly from the Trust (by delivery of the Basket Silver Amount) will receive a prospectus. ETP Holders purchasing Shares from the Trust for resale to investors will deliver a prospectus to such investors.

In addition, the Information Bulletin will reference that the Trust is subject to various fees and expenses described in the Registration Statement and that the number of ounces of silver required to create a basket or to be delivered upon redemption of a basket will gradually decrease over time because the Silver Shares comprising a basket will represent a decreasing amount of silver due to the sale of the Silver Trust's silver to pay Trust expenses.²⁴ The Information Bulletin will also reference the fact that there is no regulated source of last sale information regarding physical silver, that the Commission has no jurisdiction over the trading of silver as a physical commodity, and that the CFTC has regulatory jurisdiction over the trading of silver futures contracts and options on silver futures contracts.

The Information Bulletin will also discuss any relief, if granted, by the Commission or the staff from any rules under the Act.

2. Statutory Basis

The Exchange believes that the proposed rule change, as amended, is consistent with Section 6(b) of the Act²⁵ in general and furthers the objectives of Section 6(b)(5),²⁶ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transaction in securities, to remove

²⁴ Telephone Conference between David Strandberg, Director, NYSE Arca Equities Inc., and Florence E. Harmon, Senior Special Counsel, Division, Commission, on March 10, 2006.

²⁵ 15 U.S.C. 78s(b).

²⁶ 15 U.S.C. 78s(b)(5).

impediments and perfect the mechanisms of a free and open market, 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. 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-PCX-2005-117 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-PCX-2005-117. 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 NYSE Arca, Inc. 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-2005-117 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.²⁷ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,²⁸ which requires that an exchange have rules designed, among other things, to promote just and equitable principles of trade, 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.

²⁷ In approving this rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

²⁸ 15 U.S.C. 78f(b)(5).

In addition, the Commission finds that the proposal is consistent with Section 12(f) of the Act,²⁹ which permits an exchange to trade, pursuant to UTP, a security that is listed and registered on another exchange.³⁰ The Commission notes that it previously approved the listing and trading of the Shares on the Amex.³¹ The Commission also finds that the proposal is consistent with Rule 12f-5 under the Act,³² which provides that an exchange shall not extend UTP to a security unless the exchange has in effect a rule or rules providing for transactions in the class or type of security to which the exchange extends UTP. NYSE Arca Equities, Inc. rules deem the Shares to be equity securities, thus trading in the Shares will be subject to the Exchange's existing rules governing the trading of equity securities.³³

The Commission further believes that the proposal is consistent with Section 11A(a)(1)(C)(iii) of the Act,³⁴ which sets forth Congress's finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities. Quotations for and last sale information regarding Silver Shares will be disseminated via the CTA/CQS. Furthermore, as noted by the Exchange, various means exist for investors to obtain reliable silver price information and thereby monitor the underlying

²⁹ 15 U.S.C. 78l(f).

³⁰ Section 12(a) of the Act, 15 U.S.C. 78l(a), generally prohibits a broker-dealer from trading a security on a national securities exchange unless the security is registered on that exchange pursuant to Section 12 of the Act. Section 12(f) of the Act excludes from this restriction trading in any security to which an exchange "extends UTP." When an exchange extends UTP to a security, it allows its members to trade the security as if it were listed and registered on the exchange even though it is not so listed and registered.

³¹ See Amex Order.

³² 17 CFR 240.12f-5.

³³ See NYSE Arca Equities, Inc. Rule 7.34.

³⁴ 15 U.S.C. 78k-1(a)(1)(C)(iii).

spot market in silver relative to the NAV of their Shares. Additionally, the Amex will make available via the CTA an updated ITV at least every 15 seconds during regular trading hours of 9:30 a.m. to 4:15 p.m. ET.

In connection with the Exchange's UTP of the Shares, the Exchange will cease trading in the Shares if: (a) the listing market stops trading the Shares because of a regulatory halt similar to NYSE Arca Equities, Inc. Rule 7.12 or a halt because the ITV or the value of the underlying silver is no longer available; or (b) if the primary market delists the Shares. The Commission notes that, if Silver Shares were to be delisted by Amex, the Exchange would no longer have authority to trade Silver Shares pursuant to this order.

In support of the portion of the proposal, the Exchange has made the following representations:

1. NYSE Arca, Inc. has appropriate rules to facilitate transactions in this type of security in all trading sessions.
2. NYSE Arca, Inc. surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange.
3. NYSE Arca, Inc. will distribute an Information Bulletin to its ETP Holders prior to the commencement of trading of the Shares on the Exchange that explains the terms, characteristics, and risks of trading such shares.
4. NYSE Arca, Inc. will require that investors purchasing Shares directly from the Trust (by delivery of the Basket Silver Amount) will receive a prospectus and that ETP Holders purchasing Shares from the Trust for resale to investors will deliver a prospectus to such investors.
5. The Exchange will cease trading in the Shares if: (a) the listing market stops trading the Shares because of a regulatory halt similar to NYSE Arca Equities, Inc. 7.12 or a halt because the

ITV or the value of the underlying silver is no longer available as described in the Amex Order; or
(b) if the primary market delists the Shares.

This approval order is conditioned on NYSE Arca, Inc.'s adherence to these representations.

The Commission finds good cause for approving this proposed rule change, as amended, before the thirtieth day after the publication of notice thereof in the Federal Register. As noted previously, the Commission previously found that the listing and trading of these Shares on the Amex is consistent with the Act.³⁵ The Commission presently is not aware of any issue that would cause it to revisit that earlier finding or preclude the trading of these funds on the Exchange pursuant to UTP. Therefore, accelerating approval of this proposed rule change should benefit investors by creating, without undue delay, additional competition in the market for these Shares.

³⁵ See Amex Order.

V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-PCX-2005-117), as amended, is hereby approved on an accelerated basis.³⁶

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³⁷

Nancy M. Morris
Secretary

³⁶ 15 U.S.C. 78s(b)(2).

³⁷ 17 CFR 200.30-3(a)(12).