

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57136; File No. SR-NYSEArca-2006-82)

January 11, 2008

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Changes Relating to Amendments to NYSE Arca Equities Rules 2.16 and 4.5 Relating to Certain ETP Holder Administrative Procedures

I. Introduction

On November 7, 2006, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”), through its wholly owned subsidiary NYSE Arca Equities, Inc. (“NYSE Arca Equities” or the “Corporation”), filed with the Securities and Exchange Commission (“Commission” or “SEC”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”)¹ and Rule 19b-4 thereunder,² a proposal to amend its Rules 2.16 and 4.5 relating to certain ETP Holder administrative procedures. The proposed rule change was published for comment in the *Federal Register* on July 18, 2007.³ The Commission received no comments regarding the proposal. This order approves the proposed rule changes.

II. Description of the Proposal

NYSE Arca Equities Rule 2.16 currently provides that all Equity Trading Permit (“ETP”) Holders⁴ must file their formation documents with the Corporation. The Exchange proposes to amend NYSE Arca Equities Rule 2.16 in order to provide that only those ETP Holders for which the Exchange is the Designated Examining Authority must submit such formation documents to the Corporation.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 56057 (Jul. 12, 2007), 72 FR 39477.

⁴ See NYSE Arca Equities Rule 1.1(n).

NYSE Arca Equities Rule 4.5(b) currently requires ETP Holders that carry or clear accounts for customers to file two manually signed copies of Part II of SEC Form X-17A-5 with the Corporation on a quarterly basis. The Exchange proposes to amend NYSE Arca Equities Rule 4.5(b) to provide that such reports shall be filed electronically with the Corporation, rather than manually, and that the ETP Holder shall maintain original copies of such reports with manual signatures in accordance with NYSE Arca Equities Rule 2.24.⁵

NYSE Arca Equities Rule 4.5(c) currently requires ETP Holders that do not carry or clear accounts for customers to file two manually signed copies of Part IIA of SEC Form X-17A-5 with the Corporation on a quarterly basis. The Exchange proposes to amend NYSE Arca Equities Rule 4.5(c) to provide that such reports shall be filed electronically with the Corporation, rather than manually, and that the ETP Holder shall maintain original copies of such reports with manual signatures in accordance with NYSE Arca Equities Rule 2.24.⁶

Finally, the Exchange proposes to amend paragraphs (b) and (c) of NYSE Arca Equities Rule 4.5 to codify procedural changes that have been implemented by the Exchange and to be consistent with guidance that has been provided previously to ETP Holders.

III. Discussion

After careful review and based on the Exchange's representations, the Commission finds that the proposed rule changes are consistent with the requirements of the Act and the

⁵ NYSE Arca Equities Rule 2.24 provides that each ETP Holder must make, keep current and preserve such books and records as the Exchange may prescribe and as may be prescribed by the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations thereunder (including any interpretation relating thereto) as though such ETP Holders were brokers or dealers registered with the SEC pursuant to Section 15 of the Exchange Act.

⁶ *Id.*

rules and regulations applicable to a national securities exchange.⁷ In particular, the Commission finds that the proposed rule changes are consistent with Section 6(b)(5)⁸ which requires, among other things, that the rules of a national securities exchange be designed prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

The Commission believes it is reasonable and consistent with the Act for the Exchange to amend NYSE Arca Equities Rules 2.16 and 4.5(b) and (c) in order to simplify the administrative procedures that ETP Holders must follow, given the fact that the Exchange believes that such amendments will not compromise the Exchange's ability to regulate its ETP Holders.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁹ that the proposed rule change (SR-NYSEArca-2006-82), as amended, be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Florence E. Harmon
Deputy Secretary

⁷ In approving this proposed 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).

⁸ 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30-3(a)(12).

