

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-61831; File No. SR-NYSEArca-2010-20)

April 2, 2010

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NYSE Arca, Inc. Amending Commentary .05 to Rule 6.4 Series of Options for Trading

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 31, 2010 NYSE Arca, Inc. ("NYSE Arca" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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 Exchange proposes to amend Rule 6.4-Series of Options for Trading by adopting new provisions governing strike price intervals. The text of the proposed rule change is attached as Exhibit 5 to the 19b-4 form. A copy of this filing is available on the Exchange's Web site at www.nyse.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 self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

any comments it received on the proposed rule change. The text of those 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 parts of such statements.

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

1. Purpose

The purpose of the proposed rule change is to (i) add a provision to Rule 6.4 codifying the strike price intervals presently used by NYSE Arca for listed options, and (ii) create a provision that will allow for \$5 strike price intervals of options on Exchange Traded Funds Shares (“ETFs”) where the strike price is over \$200.

Options traded on NYSE Arca are listed at strike price intervals of \$2.50 or greater where the strike price is less than \$25.00, \$5.00 or greater where the strike price is greater than \$25.00, and \$10.00 or greater where the strike price is greater than \$200.00. This listing convention for strike price intervals is the same as is presently in place at other U.S. option exchanges.³ The Exchange now proposes to adopt new Rule 6.4(f) in order to codify these standards that are presently in use at NYSE Arca.

Commentary .05 to Rule 6.4-Series of Options Open for Trading states that strike price intervals of options on Exchanged-Traded Fund Shares will be \$1 or greater where the strike price of the underlying asset is \$200 or less. Most underlying ETF options trade for less than \$200 per share; therefore most series are priced at \$1 strike price intervals. However, some higher priced ETFs do have listed options series with strike

³ See International Securities Exchange (“ISE”) Rule 504(d) and NYSE Amex Rule 903 Commentary .05.

prices over \$200.⁴ NYSE Arca does not have a provision that allows ETF options to list and trade at \$5 strike price intervals where the strike price is more than \$200. This limitation puts NYSE Arca at a competitive disadvantage to other exchanges that are able to list ETF options series, with strike prices over \$200, at \$5 price intervals.

The Exchange believes that the rule proposal to allow for the listing of option series at \$5 strike price intervals above \$200, for options on ETFs, will enable the Exchange to competitively list and trade ETF options at appropriate strike price intervals. This proposed rule is based on similar rules in effect at NYSE Amex LLC (“NYSE Amex”), the Chicago Board Options Exchange (“CBOE”) and NASDAQ OMX PHLX.⁵

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁷ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, 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. The Exchange believes the proposed rule change will allow the Exchange to competitively list and trade ETF options at appropriate strike price intervals which are also commensurate with the rules of other options exchanges.

⁴ As an example, ETF options trading under the symbols ILF, FXI, MDY and EEM all have listed strike prices greater than \$200.

⁵ See NYSE Amex Rule 903 Commentary .05, CBOE Rule 5.5 Commentary .08 and NASDAQ OMX PHLX Rule 1012 Commentary .05.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

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

No written comments were solicited or received with respect to the proposed rule change.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, it has become effective pursuant to 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(6) thereunder.⁹

The Exchange has requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing, thereby giving the Exchange the ability compete with other option exchanges by listing and trading ETF options at with the same strike price intervals. The Commission finds that waiver of the

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

operative delay is consistent with the protection of investors and the public interest because such waiver will encourage fair competition among the exchanges. Therefore, the Commission designates the proposal operative upon filing.¹⁰

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 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 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-NYSEArca-2010-20 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2010-20. This file number should be included on the subject line if e-mail is used. To help the Commission process

¹⁰ 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).

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,¹¹ 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 Web site viewing and printing 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 the 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

¹¹ The text of the proposed rule change is available on the Commission's Web site at <http://www.sec.gov>.

submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2010-20 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Florence E. Harmon
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).