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June 30, 2006

**VIA E-MAIL**

Ms. Nancy H. Morris  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-9303

Re: SR-NYSE-2006-46 (Proposed NYSE Transaction Pricing Schedule)

Dear Ms. Morris:

On behalf of our client RBC Capital Markets Corporation ("RBCCM" or "Firm"), we are writing to express RBCCM's objection to a proposed rule change filed by the New York Stock Exchange ("NYSE" or "Exchange") that would significantly alter the NYSE pricing schedule for NYSE executions. Based upon a preliminary assessment, the proposed fee schedule is inequitable, discriminatory, anti-competitive and inconsistent with the mandates of the Securities Exchange Act of 1934 (the "Exchange Act").

The Exchange Act requires that the rules of the Exchange "provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities." Further, such rule may not be designed to "permit unfair discrimination between customers, issuers, brokers, or dealers" or "impose any burden on competition not necessary or appropriate in furtherance of the purposes" of the Exchange Act.

The change in the fee structure would not meet this test since it adversely impacts smaller firms to the advantage of the larger firms who already are at fee caps that are present under current rules and which would continue under the proposed revisions. In the NYSE's statement of the purpose of the proposed rule change, it states that the fee revision "will distribute costs more equitably across our customer base." In its statement of the statutory basis for the rule change, it states that the basis of the proposed rule change is "the requirement under Section 6(b)(4) that an exchange have rules that provide for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities." In neither section, however,

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does the Exchange provide any explanation of how it believes the fee proposal will have these results. Nor does the filing provide any data or analyses to support these conclusory statements.

The NYSE's own press release states that the proposal is a "significant price change." However, the Firm has not had a meaningful opportunity to comment. Little advance warning was provided to the Firm about the Exchange's proposal and no input was solicited from the Firm concerning the significant structural changes in NYSE fees that this proposal would implement.

Moreover, the proposed rule change contains no discussion whatsoever of the significant impact it will have on competition, particularly as we have noted for firms that will lose the benefit of the two percent cap, as well as for smaller investors, who will lose the benefit of free electronic orders for 2,100 or fewer shares. There are no disclosures on what the impact will be on different classes of members or how much additional revenue the NYSE expects to receive as a result of the change. There is no explanation at all as to why specialists are exempt from ETF transaction fees.

Given the short notice provided to the Firm of the Exchange's plans and the absence of an opportunity to comment to the Exchange on the propriety of this proposal, RBCCM believes it would be highly inappropriate for the Securities and Exchange Commission ("Commission") to permit such a fee change to be made on an "effective upon filing" basis under Section 19(b)(3)(A) of the Exchange Act. We strongly believe that such a controversial change should be subject to the public notice and comment process of Section 19(b)(1) of the Exchange Act before becoming effective. The delay in implementation until August 1 does not cure the lack of a meaningful opportunity to comment, particularly in the absence of any data or analyses by the Exchange with respect to the effect of the fee change. Accordingly, we strongly urge the Commission to immediately reject the filing as incomplete, require that it be re-filed with a complete explanation as to its competitive impact, and publish it for comment pursuant to Section 19(b)(2) of the Exchange Act.

We appreciate your consideration of RBCCM's concerns and your prompt attention to this matter. Please call me at 202.739.5019 if you have any further questions.

Sincerely,

  
Mark D. Fitterman

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cc: Robert L.D. Colby, Acting Director, Division of Market Regulation, SEC  
Elizabeth King, Associate Director, Division of Market Regulation, SEC  
Richard Chase, RBCCM  
Robert Mendelson, Morgan, Lewis & Bockius LLP