

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Securities Exchange Act of 1934
Release No. 55691 / May 2, 2007

In the Matter of the Application of

NYSE Arca, Inc.

For an Order Granting the Approval of

Laris Milonas

As a

Principal Member/Owner

With

Order Execution Services, LLC

Securities Exchange Act of 1934
Section 6(c)(2)

ORDER APPROVING
APPLICATION FOR
RELIEF FROM A
STATUTORY
DISQUALIFICATION

NYSE Arca, Inc. (“NYSE Arca”) has filed a Notice containing an Application (“Application”) pursuant to Rule 19h-1 under the Securities Exchange Act of 1934 (“Exchange Act”), on behalf of Order Execution Services, LLC (“OES” or “Firm”), seeking Commission consent for Laris Milonas, a person subject to a statutory disqualification, to associate as a principal member/owner of OES, subject to the terms and conditions set forth in the Application.¹

¹ This Application was originally filed by the Pacific Stock Exchange, LLC (“PCX”). Through subsequent acquisitions, PCX became part of NYSE Arca. As such, this application is being treated as if it were submitted by NYSE Arca. See e.g., Notice of Filing and Immediate Effectiveness of Pacific Stock Exchange, Inc. and Archipelago Exchange, LLC Name Change, Exchange Act Release No. 53615 (Apr. 7, 2006); 71 Fed. Reg. 19226 (Apr. 13, 2006).

Mr. Milonas is subject to a statutory disqualification as a result of a Commissioner Order Making Findings and Imposing Remedial Sanctions (“1985 Order”) dated November 22, 1985.² The 1985 Order bars Mr. Milonas, with a right to re-apply after two and one-half years, from being associated with any broker, dealer, investment company, investment adviser or municipal securities dealer in any proprietary capacity and in any supervisory capacity that includes:

1. Preparing, signing, or supervising the preparation of any monthly, quarterly or annual report required to be prepared and filed pursuant to Section 17(e) of the Exchange Act and Rule 17a-5 thereunder; and
2. Having supervisory responsibility with respect to: (i) the back office of a broker or dealer; and (ii) the maintenance or supervision of the financial books and records of a broker or dealer.

The 1985 Order is based on Mr. Milonas’s activities during the period from July 1983 through December 1983. During that time, Mr. Milonas was Executive Vice-President, Director, and a major shareholder of Hanover Square Securities Group, Inc. (“Hanover Square”), a registered broker-dealer. In the 1985 Order, the Commission found that Mr. Milonas willfully aided and abetted Hanover Square’s failure to comply with net capital, customer protection, recordkeeping, and reporting requirements in violation of Sections 15(c), 17(a), and 17(e) of the Exchange Act and Rules 15c3-1, 15c3-3, 17a-3, 17a-5, and 17a-11 thereunder. This disciplinary event causes Milonas to be subject to a statutory disqualification pursuant to Section 3(a)(39)(B)(i)(II) of the Exchange Act.

Mr. Milonas first became registered in the securities industry in 1967. Following the 1985 Order, Mr. Milonas reentered the securities industry in 1989 and has been associated with four different firms, including, most recently, OES. Mr. Milonas became associated with OES as a senior vice president of sales and marketing in March 2002. Mr. Milonas’s duties at these firms involved supervising their marketing and sales activities. For all of these associations, the appropriate self-regulatory organization (PCX or the New York Stock Exchange, Inc.) represented that Mr. Milonas: (1) did not act as a proprietary member of the firm for which he worked; (2) was not the subject of any disciplinary matters; and (3) did not participate in the preparation of financial information or Financial and Operational Combined Uniform Single Reports (“FOCUS Reports”), or back office supervision.

In the Application, NYSE Arca proposes allowing Mr. Milonas to become a principal member/owner of OES. In addition, NYSE Arca proposes allowing Mr. Milonas to continue to act as a salesperson by prospecting new clients (both in person and over the telephone) and servicing existing clients, and to be involved in product development.

² In the Matter of Arthur H. Ross, Leslie Dubitsky, Laris Milonas, Exchange Act Release No. 22657 (Nov. 22, 1985).

In its application, NYSE Arca and OES represent, among other things, that:

1. OES is an order service firm located in Princeton, New Jersey. OES began operations in 2002 and executes trades on an agency basis on behalf of other broker-dealers.
2. Joseph Frazzitta will serve as Mr. Milonas's primary supervisor. Mr. Frazzitta is the Firm's chief financial officer as well as a registered general securities principal and a financial operations principal. Mr. Frazzitta is also responsible for overseeing OES's compliance with all NYSE Arca and Commission rules and regulations, including those pertaining to supervision. Mr. Frazzitta has been employed in the securities industry since 1973 and by OES since 2002.
3. Mr. Milonas will not assist in or supervise in the preparation, review, or signing of any financial reports for OES, including those required by Section 17(e) of the Exchange Act and Rule 17a-5 thereunder.
4. Mr. Milonas will not take part in the supervision or maintenance of the financial books or records of OES.
5. OES's back office duties are handled off site by Bear Sterns, Inc., and Mr. Milonas will not assist in supervising the back office duties at OES.
6. In the event OES handles customer funds or securities in the future, Mr. Milonas will not be permitted to handle such customer funds or securities.
7. In the event Mr. Milonas's contacts and efforts produce potential accounts, Mr. Milonas will promptly notify Mr. Frazzitta, who will take responsibility for opening such accounts, either directly or through another supervised employee who is permitted to undertake such actions. Mr. Milonas will not open customer accounts.
8. OES considers its core trade routing functions to be "operational in nature." These functions include order entry and routing, client billing, client fee structures, regulatory compliance and reporting, and other similar functions. Mr. Milonas will not have any involvement in the operational functions of OES. Mr. Milonas's functions will be solely related to marketing the capabilities of OES. However, even in this capacity, Mr. Milonas will not have any authority to negotiate commission rates with clients or negotiate or sign agreements between OES and its clients.
9. As a principal member/owner, Mr. Milonas will be a member of the OES Executive Committee. The only other two members of the Executive

Committee are David Scheckel and Lawrence Milonas, each a principal of OES. As Mr. Milonas's supervisor, Mr. Frazzitta will attend all Executive Committee meetings. The Executive Committee will keep minutes of these meetings.

10. Although each member of the Executive Committee will be entitled to vote on each matter before it, Mr. Milonas will abstain from voting on any regulatory filings (including anything related to OES's FOCUS Reports), matters related to the handling of customer funds or securities, and matters related to the back office functions of OES. The minutes of these Executive Committee meetings will reflect Mr. Milonas's abstention on each of those matters.
11. Mr. Frazzitta will meet monthly with Mr. Milonas to review his job activities and compliance with the program of heightened supervision set forth in this order and the Application. Mr. Frazzitta will keep a written record of these meetings. Mr. Frazzitta will review, on an ongoing basis, OES's and Mr. Milonas's strict adherence to this heightened supervision. Additionally, Mr. Frazzitta will formally review, on an annual basis, Mr. Milonas's compliance with this program of heightened supervision.

In the Application, NYSE Arca seeks an order declaring that, notwithstanding the statutory disqualification, the Commission:

1. Will not institute proceedings pursuant to Sections 15(b)(4), 15(b)(6), 19(h)(2), or 19(h)(3) of the Exchange Act solely on the basis of Mr. Milonas's association as a principal member/owner with OES pursuant to the representations contained in the Application; and
2. Will not direct NYSE Arca to bar the proposed association, as provided in Section 6(c)(2) of the Exchange Act.

The Division of Market Regulation, pursuant to delegated authority, has reviewed the instant application and the record before NYSE Arca. Relying on the representations made by NYSE Arca and OES concerning the proposed association of Mr. Milonas,³ the Division of Market Regulation has concluded that it is appropriate for the Commission to approve the application for Mr. Milonas to associate as a principal member/owner with OES.

³ All representations, terms, and conditions of employment not specifically listed are incorporated herein by reference. This Order is further conditioned on NYSE Arca's Rule 19h-1 notice filing, which includes OES's Application to NYSE Arca. This Application details more specific terms and conditions related to Mr. Milonas's heightened supervision to which he is also subject at OES.

Accordingly, IT IS ORDERED that said Application of NYSE Arca on behalf of OES and Mr. Milonas be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴

Nancy M. Morris
Secretary

⁴ 17 CFR 200.30-3(a)(4).