

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-64561; File No. SR-NYSE-2011-15)

May 27, 2011

Self-Regulatory Organizations; New York Stock Exchange LLC; Order Granting Approval of Proposed Rule Change to Modify the Initial Trading Market Value for Debt Securities

I. Introduction

On April 1, 2011, the New York Stock Exchange LLC (“NYSE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to modify the initial trading market value requirements for certain debt securities. The proposed rule change was published in the Federal Register on April 14, 2011.<sup>3</sup> The Commission received no comments on the proposal. This order grants approval of the proposed rule change.

II. Description of the Proposal

The Exchange’s proposal would amend NYSE Rule 1401 to modify the initial trading market value requirement for “Debt Securities” from \$10,000,000 to \$5,000,000. The term “Debt Securities” includes any unlisted note, bond, debenture or evidence of indebtedness that is: (1) statutorily exempt from the registration requirements of Section 12(b) of the Act, or (2) eligible to be traded under a Commission exemptive order. NYSE Rules 1400 and 1401 set forth requirements for trading Debt Securities.

Currently, NYSE Rule 1401 requires that Debt Securities traded on the NYSE have an outstanding aggregate market value or principal amount of no less than \$10,000,000 on the date

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 64287 (April 8, 2011), 76 FR 21086 (“Notice”).

that trading commences. In the Notice, the Exchange cited a number of corporate retail note programs offered by issuers whose equity securities are listed on the Exchange that involve issuances of \$5,000,000 or more but less than \$10,000,000 in principal. The Exchange proposed to reduce the required initial outstanding aggregate market value to \$5,000,000 in order to be able to list such securities. The Exchange believes that expanding the number of Debt Securities that could be traded on the Exchange's platform would offer investors greater transparency and choice with respect to secondary market trading in such securities.

### III. Discussion and Commission's Findings

The Commission has carefully reviewed the proposed rule change and finds that it is consistent with the requirements of Section 6 of the Act<sup>4</sup> and the rules and regulations thereunder applicable to a national securities exchange.<sup>5</sup> In particular, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,<sup>6</sup> which requires, among other things, that the Exchange's rules be 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 Commission believes that the proposal is reasonably designed to expand exchange trading for debt securities with a smaller initial float, and thereby to

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<sup>4</sup> 15 U.S.C. 78f.

<sup>5</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>6</sup> 17 U.S.C. 78f(b)(5).

increase transparency and price competition for investors.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (SR-NYSE-2011-15) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

Cathy H. Ahn  
Deputy Secretary

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<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).