

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-54588; File No. SR-CTA/CQ-2006-02)

October 11, 2006

Consolidated Tape Association; Notice of Filing and Immediate Effectiveness of the Tenth Substantive Amendment to the Second Restatement of the Consolidated Tape Association Plan and the Seventh Substantive Amendment to the Restated Consolidated Quotation Plan

Pursuant to Section 11A of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 608 thereunder,<sup>2</sup> notice is hereby given that on September 18, 2006, the Consolidated Tape Association (“CTA”) Plan and Consolidated Quotation (“CQ”) Plan participants (“Participants”)<sup>3</sup> submitted to the Securities and Exchange Commission (“Commission”) proposals to amend the CTA and CQ Plans (collectively, the “Plans”).<sup>4</sup> The proposals represent the tenth substantive amendment made to the Second Restatement of the CTA Plan (“Tenth Amendment to the CTA Plan”) and the seventh

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1 15 U.S.C. 78k-1.

2 17 CFR 242.608.

3 Each Participant executed the proposed amendments. The current Participants are the American Stock Exchange LLC (“Amex”); Boston Stock Exchange, Inc. (“BSE”); Chicago Board Options Exchange, Incorporated (“CBOE”); Chicago Stock Exchange, Inc. (“CHX”); National Association of Securities Dealers, Inc. (“NASD”); National Stock Exchange (“NSX”); New York Stock Exchange LLC (“NYSE”); NYSE Arca, Inc. (“NYSE Arca”); and Philadelphia Stock Exchange, Inc. (“Phlx”).

4 See Securities Exchange Act Release Nos. 10787 (May 10, 1974), 39 FR 17799 (order approving CTA Plan); 15009 (July 28, 1978), 43 FR 34851 (August 7, 1978) (order temporarily approving CQ Plan); and 16518 (January 22, 1980), 45 FR 6521 (order permanently approving CQ Plan). The most recent restatement of both Plans was in 1995. The CTA Plan, pursuant to which markets collect and disseminate last sale price information for listed securities, is a “transaction reporting plan” under Rule 601 under the Act, 17 CFR 242.601, and a “national market system plan” under Rule 608 under the Act, 17 CFR 242.608. The CQ Plan, pursuant to which markets collect and disseminate bid/ask quotation information for listed securities, is also a “national market system plan” under Rule 608 under the Act, 17 CFR 242.608.

substantive amendment to the Restated CQ Plan (“Seventh Amendment to the CQ Plan”), and reflect changes unanimously adopted by the participants. The Tenth Amendment to the CTA Plan and the Seventh Amendment to the CQ Plan (“Amendments”) would modify the procedures for entering into arrangements for pilot test operations. In addition, these amendments would exclude pilot test operations from the requirement that any change in the charges set forth in Exhibit E to the respective Plans be effected by a Plan amendment.

Pursuant to Rule 608(b)(3)(ii) under the Act,<sup>5</sup> the Participants designated the Amendments as concerned solely with the administration of the Plans. As a result, the Amendments have become effective upon filing with the Commission. At any time within 60 days of the filing of the amendments, the Commission may summarily abrogate the Amendments and require that the Amendments be re-filed in accordance with paragraph (a)(1) of Rule 608 and reviewed in accordance with paragraph (b)(2) of Rule 608, if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system or otherwise in furtherance of the purposes of the Act. The Commission is publishing this notice to solicit comments from interested persons.

I. Description and Purpose of the Proposed Amendments

A. Application of Pilot Test Procedures

The Amendments propose to modify the procedures that apply to the entrance into arrangements for pilot test operations and to explicitly exclude pilot test operations from

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5 17 CFR 242.608(b)(3)(ii).

the relevant Plan provisions which require any change in the charges set forth in the Plans to be effected by an amendment.

Currently, the Plans permit a network's administrator to enter into arrangements with vendors and other persons for pilot test operations designed to develop, or to permit the development of, new last sale price information services and uses and new quotation information services and uses, as relevant, without the need for agreements with, and collection of charges from, customers of such vendors or other persons. In order to enter into such arrangements, a network administrator, acting on behalf of the Participants, must promptly report the commencement of each arrangement and, upon an arrangement's conclusion, any market research obtained from the pilot test operations to CTA or the Operating Committee, as relevant. The arrangements are exempt from certain provisions in the Plans regarding the form of, and necessity for, agreements with recipients of last sale price and quotation information, as relevant, and the amount and incidence of charges.

The Amendments propose to require that a network's administrator act with the concurrence of a majority of Participants, not merely on behalf of such Participants, in order to enter into arrangements for pilot test operations. Further, a network's administrator will be required to also report the commencement of each arrangement and any market research obtained from the pilot test operations to the SEC.

Finally, the Amendments propose to clarify that pilot test operations are exempt from the Plans' provisions regarding the establishment and amendment of charges. The provisions require any additions, deletions, or modifications to any of the charges set forth in Exhibit E to the Plans be effected by an amendment to the Plans. Amendments to

Exhibit E are subject to voting and other procedural requirements. Pursuant to the Amendments, charges imposed in connection with arrangements for pilot test operations will not constitute an addition, deletion, or modification to the charges set forth in Exhibit E and, as a result, do not require a Plan amendment. The text of the proposed Amendments is available on the CTA's Web site (<http://www.nysedata.com/cta>), at the principal office of the CTA, and at the Commission's Public Reference Room.

B. Additional Information required by Rule 608(a)

1. Governing or Constituent Documents

Not applicable.

2. Implementation of Amendments

The Participants have manifested their approval of the proposed Amendments by means of their execution of the Amendments. The Amendments have become effective upon filing.<sup>6</sup>

3. Development and Implementation Phases

Not applicable.

4. Analysis of Impact on Competition

The Participants believe that the proposed amendments do not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Participants do not believe that the proposed amendments introduce terms that are unreasonably discriminatory for the purposes of Section 11A(c)(1)(D) of the Act.

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<sup>6</sup> See id.

5. Written Understanding or Agreements Relating to Interpretation of, or Participation in, Plan

Not applicable.

6. Approval by Sponsors in Accordance with Plan

Each of the Participants has approved the Amendments in accordance with Section IV(b) of the CTA Plan and Section IV(c) of the CQ Plan, as applicable.

7. Description of Operation of Facility Contemplated by the Proposed Amendment

Not applicable.

8. Terms and Conditions of Access

Not applicable.

9. Method of Determination and Imposition, and Amount of, Fees and Charges

Not applicable.

10. Method of Frequency of Processor Evaluation

Not applicable.

11. Dispute Resolution

Not applicable.

C. Additional Information Required by Rule 601(a) (solely with respect to the Tenth Amendment to the CTA Plan)

1. Reporting Requirements

Not applicable.

2. Manner of Collecting, Processing, Sequencing, Making Available and Disseminating Last Sale Information

Not applicable.

3. Manner of Consolidation

Not applicable.

4. Standards and Methods Ensuring Promptness, Accuracy and Completeness of Transaction Reports

Not applicable.

5. Rules and Procedures Addressed to Fraudulent or Manipulative Dissemination

Not applicable.

6. Terms of Access to Transaction Reports

Not applicable.

7. Identification of Marketplace Execution

Not applicable.

II. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed Plans amendments are 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](mailto:rule-comments@sec.gov). Please include File No. SR-CTA/CQ-2006-02 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File No. SR-CTA/CQ-2006-02. This file number should be included on the subject line if e-mail is used. To help the Commission process 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, all subsequent amendments, all written statements with respect to the proposed Plan amendment that are filed with the Commission, and all written communications relating to the proposed Plan amendment 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 inspection and copying in the Commission's Public Reference Room. Copies of the filing also will be available for inspection and copying at the principal office of the CTA. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-CTA/CQ-2006-02 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

Nancy M. Morris  
Secretary

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<sup>7</sup> 17 CFR 200.30-3(a)(27).