

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54195; File No. SR-NYSE-2006-01)

July 24, 2006

Self-Regulatory Organizations; New York Stock Exchange, Inc. (n/k/a New York Stock Exchange LLC); Order Approving Proposed Rule Change to Require Specialists to Publish a 100 x 100 Share Market to Suspend Direct+ for Exchange Rule 127 Block Cross Transactions

On January 17, 2006, the New York Stock Exchange, Inc.¹ (n/k/a 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”)² and Rule 19b-4 thereunder,³ a proposed rule change to eliminate Exchange Rule 1000(v), which suspends the Exchange’s Direct+ facility if the specialist publishes a bid and/or offer that is more than five cents away from the last reported transaction price when an Exchange Rule 127 block cross transaction is being executed. The Exchange proposes to replace this procedure with a rule that requires the specialist to quote a 100 x 100 share market when all Exchange Rule 127 block cross transactions are being executed, regardless of the amount the cross price is away from the last reported transaction price. The proposed rule change was published for comment in the Federal Register on June 8, 2006.⁴ The Commission received no comments regarding the proposal.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange,

¹ The Exchange is now known as the New York Stock Exchange LLC. See Securities Exchange Act Release No. 53382 (February 27, 2006), 71 FR 11251 (March 6, 2006).

² 15 U.S.C. 78s(b)(1).

³ 17 CFR 240.19b-4.

⁴ See Securities Exchange Act Release No. 53932 (June 1, 2006), 71 FR 33328.

and, in particular, with the requirements of Section 6(b) of the Act.⁵ Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act⁶ in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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 eliminating the requirement that specialists quote a price that is more than five cents away from the last reported transaction price when a Rule 127 transaction is being executed should simplify the procedure for suspending Direct+ while a Rule 127 block transaction is being executed.⁷

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (SR-NYSE-2006-01) is hereby approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Nancy M. Morris
Secretary

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

⁶ 15 U.S.C. 78f(b)(5).

⁷ The Commission notes that this rule will not be in effect upon the implementation of the Hybrid Market. See Securities Exchange Act Release No. 53539 (March 22, 2006), 71 FR 16353 (March 31, 2006).

⁸ 15 U.S.C. 78s(b)(2).

⁹ 17 CFR 200.30-3(a)(12).