SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54337; File No. SR-NYSE-2006-49)

August 21, 2006

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change and Amendment No. 1 Relating to Amending Rule 123D (Openings and Halts in Trading) to Shorten the Minimum Required Time Periods Between Tape Indications and Openings and Between Halts or "Equipment Changeovers" and Reopenings.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on June 30, 2006, the New York Stock Exchange LLC ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the NYSE. On August 14, 2006, the Exchange submitted Amendment No. 1 to the proposed rule change.[3] The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is proposing to amend NYSE Rules 123D and 15 to shorten the minimum time periods between tape indications and openings or reopenings of a security and after an "Equipment Changeover."[4] The text of the proposed rule change, as amended, is available on the NYSE's Web site at http://www.nyse.com, the principal office of the NYSE, and at the Commission's Public Reference Room.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 In Amendment No. 1, NYSE made minor revisions to the proposed rule text and clarified that all market participants may react to published price indications.

4 See Exchange Rule 123D(2).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Exchange specialists are responsible for ensuring that their specialty securities open for trading as close to the opening bell as possible, and reopen for trading after a trading halt as soon as possible, consistent with the relevant circumstances. In addition to being timely, however, openings and reopenings after a trading halt should also be fair and orderly, reflecting a professional assessment of market conditions at the time and appropriate consideration of the balance of supply and demand as reflected by orders represented in the market.

Ordinarily, the specialist provides this information to the market before the opening bell in the form of price indications that are published on the consolidated tape. However, under certain circumstances, including a delayed opening of a security and the reopening of trading in a security after a trading halt, the specialist may be required to publish a price indication to the market that reflects the specialist’s assessment of market conditions at the time of the delayed opening or reopening to provide market participants with the opportunity to react and participate as they deem appropriate.

Over the years, in developing procedures for openings and reopenings of trading, the Exchange has focused on providing a balance between timeliness and appropriateness of price, i.e., achieving a price that reflects market conditions at the time, and giving investors a reasonable opportunity to react and participate. The Exchange's current rules require minimum time periods as long as ten minutes between a specialist's dissemination of a price indication and the delayed opening or reopening of trading.[5]

Recognizing that the speed of communication has increased exponentially in the last decade and that market conditions may change substantially between the indication and the opening or resumption of trading under the time frames included in the current rule, the Exchange believes it is desirable to shorten the time between indications and the opening or reopening of trading in a security. The Exchange believes shortening the time periods would provide the market with the flexibility to react quickly if circumstances are such that it would be appropriate to open or reopen trading in a short period of time. Accordingly, the Exchange is proposing to revise the minimum time required for delayed openings of trading and reopenings of trading after a trading halt.

In connection with a delayed opening of trading in a security, Exchange Rule 123D (Openings and Halts in Trading) currently requires a minimum of ten minutes to elapse between the first price indication and the opening of the stock, and where there is more than one indication, a minimum of five minutes to elapse after the last indication, provided in all cases that at least ten minutes have elapsed since the first indication. The Exchange proposes that these minimum time periods be compressed from ten to three minutes after the first indication,

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[5] See Exchange Rule 123D.

and to one minute after the last indication, provided that a minimum of three minutes have elapsed since the first indication.

With respect to the reopening of trading after a stock has been halted during the trading day, Exchange Rule 123D currently requires a minimum of five minutes to elapse between the first indication and the reopening of trading, and a minimum of three minutes to elapse after the last indication, provided that at least five minutes has elapsed since the first indication. The Exchange proposes that these minimum time periods be compressed to three minutes after the first indication, and to one minute after the last indication, provided that a minimum of three minutes has elapsed since the first indication.

With respect to the reopening of trading after a stock has been halted during the trading day because of “Equipment Changeover,” Exchange Rule 123D currently requires a minimum of five minutes to elapse before trading resumes. Further, if, during the "Equipment Changeover" trading halt, a significant order imbalance (i.e., one which would result in a price change from the last sale of one point or more for stocks under $10, the lesser of 10% or three points for stocks between $10—$99.99 and five points for stocks $100 or more—unless a Floor Governor deems circumstances warrant a lower parameter) develops or a regulatory condition occurs, the nature of the halt will be changed and notice must be disseminated and trading cannot resume until ten minutes after the first indication of the new halt condition. The Exchange proposes that these minimum time periods be compressed to one minute after an “Equipment Changeover” and to three minutes after an “Equipment Changeover” during which a significant order imbalance or regulatory condition develops.

The Exchange notes that there are different indication requirements for different classes of securities, such as foreign-listed securities and convertible preferred stock. The proposed amendments to Exchange Rule 123D do not alter those requirements.

The Exchange also proposes that the same minimum time period changes be added to a related rule, Exchange Rule 15 (ITS and Pre-Opening Applications), in order to conform Exchange Rule 15 to the recently amended Intermarket Trading System Plan. Specifically, the Exchange proposes to amend Exchange Rule 15 to require that, when more than one indication is disseminated, a stock may reopen one minute after the last indication if three minutes have elapsed after the first indication.

The Exchange also notes that the Consolidated Tape Association Plan has been amended to provide that following a trading halt, last sale information will be disseminated pursuant to a listing market's rules and Exchange Rule 123D for Exchange-listed securities.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[6] in general, and furthers the objectives of Section 6(b)(5) of the Act[7] in particular, in that it is designed 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.

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[6] 15 U.S.C. 78f(b).

[7] 15 U.S.C. 78f(b)(5).

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding, or (ii) as to which the NYSE consents, the Commission will:

A. by order approve such proposed rule change, as amended; or

B. institute proceedings to determine whether the proposed rule change, as amended, should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is 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. Please include File Number SR-NYSE-2006-49 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 Number SR-NYSE-2006-49. 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 rule change that are filed with the Commission, and all written communications relating to the proposed rule change 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 such filing also will be available for inspection and copying at the principal office of the

Exchange. 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 publicly available. All submissions should refer to File Number SR-NYSE-2006-49 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.[8]

Nancy M. Morris
Secretary

[8] 17 CFR 200.30-3(a)(12).