

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57167; File No. SR-NYSEArca-2008-10)

January 17, 2008

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Closing Time for Options on Exchange-Traded Funds

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 January 16, 2008, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”), through its wholly owned subsidiary, NYSE Arca Equities, Inc. (“NYSE Arca Equities”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been substantially prepared by NYSE Arca. The Exchange filed the proposal as “non-controversial” pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders it effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

NYSE Arca proposes to amend NYSE Arca Rule 7.1 in order to provide the Exchange with flexibility, similar to that of other options exchanges, regarding the time at which options on exchange-traded funds (“ETFs”) cease trading on the Exchange. The text of the proposed rule change is available at the Exchange’s principal office, the Commission’s Public Reference Room, and www.nysearca.com.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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

In its filing with the Commission, NYSE Arca 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 those 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 parts of such statements.

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

1. Purpose

The Exchange proposes to amend NYSE Arca Rule 7.1 (“Rule”), Trading Sessions, to provide the Exchange with flexibility, similar to that of other options exchanges, regarding the time at which options on ETFs cease trading on the Exchange. The rule currently specifies the trading hours for options on ETFs as commencing at 6:30 a.m. Pacific Time (“PT”) and ending at the same time as the primary listing exchange closes its core trading session in the underlying ETF.

Recently, the Exchange submitted a proposed rule change that was effective upon filing that governed the trading hours of options on ETFs.⁵ As a result of that proposed rule change, the Exchange synchronized the closing time for options on ETFs with the time at which the underlying ETF closes on its primary listing exchange. In the case of NYSE Arca Equities, starting January 2, 2008, the closing time for its primary listed ETFs changed to 1:00 p.m. PT.

⁵ See Securities Exchange Act Release No. 57087 (January 2, 2008), 73 FR 1656 (January 9, 2008) (SR-NYSEArca-2008-01)

Since that date, the Exchange has closed trading in options on NYSE Arca Equities primary listed ETFs at 1:00 p.m. PT. For the most part, other options exchanges followed suit. However, certain options exchanges, most notably the Chicago Board Options Exchange (“CBOE”), the American Stock Exchange, and the International Stock Exchange have continued to trade options on iShares Russell 2000 Index Fund (“IWM”), an ETF that is listed on NYSE Arca Equities, until 1:15 p.m. PT. The Exchange, meanwhile, closes trading in options on IWM at 1:00 p.m. PT in keeping with NYSE Arca Rule 7.1.

Although compliant with its rules, the Exchange is operating at a competitive disadvantage because other options exchanges allow their members to trade options on IWM until 1:15 p.m. PT. To address this apparent disadvantage, the Exchange proposes to amend Rule 7.1 similar to CBOE Rule 6.1 so that options on ETFs may be traded on the Exchange until 1:15 p.m. each business day.⁶

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(5),⁸ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions

⁶ Commentary .01 to CBOE Rule 6.1 states, in part, that “hours during which transactions in options on individual stocks may be made on the Exchange shall correspond to the normal hours for business set forth in the rules of the primary exchange listing the stocks underlying CBOE options.” Commentary .03 to CBOE Rule 6.1 states: “Options on Units, as defined under Interpretation and Policy .06 to Rule 5.3, and options on the Nasdaq-100 Index Tracking Stock may be traded on the Exchange until 3:15 p.m. [Central Time] each business day.”

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system.

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

The Exchange does not believe that the proposed rule change will 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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

Because the foregoing proposed rule change does not: (1) significantly affect the protection of investors or the public interest; (2) impose any significant burden on competition; and (3) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰

NYSE Arca has requested that the Commission waive the 30-day operative delay and designate the proposed rule change to become operative upon filing. The proposed rule is similar to rules of other exchanges and does not appear to raise any novel or significant

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6). The Exchange has requested that the Commission waive the requirement that the Exchange provide the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date on which the Exchange filed the proposed rule change pursuant to Rule 19b-4(f)(6)(iii). The Commission hereby grants this request.

regulatory issues. Therefore, the Commission designates the proposed rule change as operative upon filing.¹¹

At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in the furtherance of the purposes of the Act.

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-NYSEArca-2008-10 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NYSEArca-2008-10. 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

¹¹ For the purposes only of waiving the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. 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 available publicly. All submissions should refer to File Number SR-NYSEArca-2008-10 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Florence E. Harmon
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).