SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-60191; File No. SR-NYSEArca-2009-58)

June 30, 2009

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Amending NYSE Arca Equities Rule 7.31

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 ("Act")[2] and Rule 19b-4 thereunder,[3] notice is hereby given that on June 24, 2009, NYSE Arca, Inc. ("NYSE Arca" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. NYSE Arca filed the proposed rule change as a "non-controversial" proposal pursuant to Section 19(b)(3)(A) of the Act[4] and Rule 19b-4(f)(6) thereunder,[5] which renders the proposal 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

The Exchange proposes to amend NYSE Arca Equities Rule 7.31. A copy of this filing is available on the Exchange's Web site at www.nyse.com, at the Exchange's principal office and at the Commission's Public Reference Room.

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

2 15 U.S.C. 78a.

3 17 CFR 240.19b-4.

4 15 U.S.C. 78s(b)(3)(A).

5 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, the self-regulatory organization 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 purpose of this rule filing is to add Self-Trade Prevention ("STP") modifiers to NYSE Arca Equities Rule 7.31. The proposed STP modifiers are designed to prevent two orders with the same ETP ID from executing against each other. The Exchange proposes adding four STP modifiers that will be implemented and made available at the Equity Trading Permit ID ("ETP ID") level.[6] The STP modifiers will not be automatically implemented across all ETP ID's, but rather ETP Holders must elect to designate each order with one of the STP modifiers. The STP modifier on the incoming order controls the interaction between two orders marked with STP modifiers. The four new STP modifiers are discussed more thoroughly below.

STP Cancel Newest ("STPN")

An incoming order marked with the STPN modifier will not execute against opposite side resting interest marked with any of the STP modifiers from the same ETP ID. The incoming order marked with the STPN modifier will be cancelled back to the originating ETP Holder. The

[6] Each ETP Holder is assigned an ETP ID which is used as a firm identifier within Exchange systems.

resting order marked with one of the STP modifiers, which otherwise would have interacted with the incoming order by the same ETP Holder, will remain on the NYSE Arca Book.

STPN Example 1: An order to buy 500 shares @ $22.00 is marked with any of the four STP modifiers and becomes a resting order in the NYSE Arca Book. Subsequently, an order to sell 500 shares @ $22.00 is entered with the same ETP ID and marked with the STPN modifier.

STPN Result 1: The incoming sell order for 500 shares @ $22.00 marked with the STPN modifier is cancelled back to the originating ETP Holder. The resting buy order for 500 shares at $22.00 marked one of the four STP modifiers remains on the NYSE Arca Book.

STPN Example 2: An order to buy 500 shares @ $22.00 is marked with any of the four STP modifiers and becomes a resting order in the NYSE Arca Book. Subsequently, an order to sell 700 shares @ $22.00 is entered with the same ETP ID and marked with the STPN modifier.

STPN Result 2: The incoming sell order for 700 shares @ $22.00 marked with the STPN modifier is cancelled back to the originating ETP Holder. The resting buy order for 500 shares at $22.00 marked one of the four STP modifiers remains on the NYSE Arca Book.

STPN Example 3: An order to buy 500 shares @ $22.00 is marked with any of the four STP modifiers and becomes a resting order in the NYSE Arca Book. Subsequently, an order to sell 400 shares @ $22.00 is entered with the same ETP ID and marked with the STPN modifier.

STPN Result 3: The incoming sell order for 400 shares @ $22.00 marked with the STPN modifier is cancelled back to the originating ETP Holder. The resting buy order for 500 shares at $22.00 marked one of the four STP modifiers remains on the NYSE Arca Book.

STP Cancel Oldest ("STPO")

An incoming order marked with the STPO modifier will not execute against opposite side resting interest marked with any of the STP modifiers from the same ETP ID. The resting order marked with any of the STP modifiers, which otherwise would have interacted with the incoming order by the same ETP Holder, will be cancelled back to the originating ETP Holder. The incoming order marked with the STPO modifier will remain on the NYSE Arca Book.

STPO Example 1: An order to buy 500 shares @ $22.00 is marked with any of the four STP modifiers and becomes a resting order in the NYSE Arca Book. Subsequently, an order to sell 500 shares @ $22.00 is entered with the same ETP ID and marked with the STPO modifier.

STPO Result 1: The resting buy order for 500 shares at $22.00 marked with one of the four STP modifiers is cancelled back to the originating ETP Holder. The incoming sell order for 500 shares @ $22.00 marked with the STPO modifier is entered in the NYSE Arca Book.

STPO Example 2: An order to buy 500 shares @ $22.00 is marked with any of the four STP modifiers and becomes a resting order in the NYSE Arca Book. Subsequently, an order to sell 700 shares @ $22.00 is entered with the same ETP ID and marked with the STPO modifier.

STPO Result 2: The resting buy order for 500 shares at $22.00 marked with one of the four STP modifiers is cancelled back to the originating ETP Holder. The incoming sell order for 700 shares @ $22.00 marked with the STPO modifier is entered on the NYSE Arca Book.

STPO Example 3: An order to buy 500 shares @ $22.00 is marked with any of the four STP modifiers and becomes a resting order in the NYSE Arca Book. Subsequently, an order to sell 400 shares @ $22.00 is entered with the same ETP ID and marked with the STPO modifier.

STPO Result 3: The resting buy order for 500 shares at $22.00 marked with one of the four STP modifiers is cancelled back to the originating ETP Holder. The incoming sell order for 400 shares @ $22.00 marked with the STPN modifier entered on the NYSE Arca Book.

STP Decrement and Cancel ("STPD")

An incoming order marked with the STPD modifier will not execute against opposite side resting interest marked with any of the STP modifiers from the same ETP ID. If both orders are equivalent in size, both orders will be cancelled back to the originating ETP Holders. If the orders are not equivalent in size, the equivalent size will be cancelled back to the originating ETP Holders and the larger order will be decremented by the size of the smaller order with the balance remaining on the NYSE Arca Book.

STPD Example 1: An order to buy 500 shares @ $22.00 is marked with any of the four STP modifiers and becomes a resting order in the NYSE Arca Book. Subsequently, an order to sell 500 shares @ $22.00 is entered with the same ETP ID and marked with the STPD modifier.

STPD Result 1: The resting buy order for 500 shares at $22.00 marked with one of the four STP modifiers is cancelled back to the originating ETP Holder. The incoming sell order for 500 shares @ $22.00 marked with the STPD modifier is cancelled back to the originating ETP Holder.

STPD Example 2: An order to buy 500 shares @ $22.00 is marked with any of the four STP modifiers and becomes a resting order in the NYSE Arca Book. Subsequently, an order to sell 700 shares @ $22.00 is entered with the same ETP ID and marked with the STPD modifier.

STPD Result 2: The resting buy order for 500 shares at $22.00 marked with one of the four STP modifiers is cancelled back to the originating ETP Holder. The equivalent portion, 500 shares, of the incoming sell order marked with the STPD modifier is cancelled back to the originating ETP Holder. The remaining portion, 200 shares, is entered on the NYSE Arca Book.

STPD Example 3: An order to buy 500 shares @ $22.00 is marked with any of the four STP modifiers and becomes a resting order in the NYSE Arca Book. Subsequently, an order to sell 400 shares @ $22.00 is entered with the same ETP ID and marked with the STPD modifier.

STPD Result 3: 400 of the 500 shares on the resting buy order at $22.00 marked with one of the four STP modifiers is cancelled back to the originating ETP Holder. The outstanding 100 shares remain on the NYSE Arca Book. The incoming sell order for 400 shares @ $22.00 marked with the STPD modifier is cancelled back to the originating ETP Holder.

STP Cancel Both ("STPC")

An incoming order marked with the STPC modifier will not execute against opposite side resting interest marked with any of the STP modifiers from the same ETP ID. The entire size of both orders will be cancelled back to originating ETP Holder.

STPC Example 1: An order to buy 500 shares @ $22.00 is marked with any of the four STP modifiers and becomes a resting order in the NYSE Arca Book. Subsequently, an order to sell 500 shares @ $22.00 is entered with the same ETP ID and marked with the STPC modifier.

STPC Result 1: The resting buy order for 500 shares at $22.00 marked with one of the four STP modifiers is cancelled back to the originating ETP Holder. The incoming sell order for 500 shares @ $22.00 marked with the STPC modifier is cancelled back to the originating ETP Holder.

STPC Example 2: An order to buy 500 shares @ $22.00 is marked with any of the four STP modifiers and becomes a resting order in the NYSE Arca Book. Subsequently, an order to sell 700 shares @ $22.00 is entered with the same ETP ID and marked with the STPC modifier.

STPC Result 2: The resting buy order for 500 shares at $22.00 marked with one of the four STP modifiers is cancelled back to the originating ETP Holder. The incoming order to sell

700 shares @ $22.00 marked with the STPC modifier is cancelled back to the originating ETP Holder

<u>STPC Example 3:</u> An order to buy 500 shares @ $22.00 is marked with any of the four STP modifiers and becomes a resting order in the NYSE Arca Book. Subsequently, an order to sell 400 shares @ $22.00 is entered with the same ETP ID and marked with the STPC modifier.

<u>STPC Result 3:</u> The resting buy order for 500 shares at $22.00 marked with one of the four STP modifiers is cancelled back to the originating ETP Holder. The incoming order to sell 400 shares @ $22.00 marked with the STPC modifier is cancelled back to the originating ETP Holder.

STP modifiers are intended to prevent interaction between the same ETP ID. STP modifiers must be present on both the buy and the sell order in order to prevent a trade from occurring and to effect a cancel instruction. STP modifiers are available for orders entered in either an agency or principal capacity. An incoming STP order cannot cancel through resting orders that have price and/or time priority. When an order with an STP modifier is entered it will first interact will all available interest in accordance with the Order Ranking and Display process pursuant to Exchange Rule 7.36. If there is a remaining balance on the order after trading with all orders with higher priority, it may then interact with an opposite side STP order in accordance with the rules established above. In situations where there are multiple STP orders resting in the NYSE Arca Book, an incoming STP order interacts only with the first resting STP order that it encounters. Incoming STP orders that are priced through the price of a resting STP order may cancel the resting order as long as no other non-STP orders have priority. Additionally, orders marked with one of the STP modifiers will not be prevented from interacting during any Auction process as defined by Rule 7.35.

The Exchange believes that adding this functionality will allow firms to better manage order flow and prevent undesirable executions with themselves or the potential for (or the appearance of) "wash sales" that may occur as a result of the velocity of trading in today's high speed marketplace. Commonly ETP Holders have multiple connections into the Exchange due to capacity and speed related demands. Orders routed by the same ETP Holder via different connections may, in certain circumstances, trade against each other. The new STP modifiers provide ETP Holders the opportunity to prevent these potentially undesirable trades occurring under the same ETP ID on both the buy and sell side of the execution. The Exchange also believes that this functionality will allow firms to better internalize agency order flow which in turn may decrease the costs to its customers. The Exchange notes that the STP modifiers do not alleviate, or otherwise exempt, broker-dealers from their best execution obligations. As such, broker-dealers using the STP modifiers will be obligated to internally cross agency orders at the same price, or a better price than they would have received had the orders been executed on the Exchange. Additionally, the STP modifiers will assist market participants in complying with certain rules and regulations of the Employee Retirement Income Security Act (''ERISA'') that preclude and/or limit managing broker-dealers of such accounts from trading as principal with orders generated for those accounts. Finally, the Exchange notes that offering the STP modifiers will streamline certain regulatory functions by reducing false positive results that may occur on Exchange generated wash trading surveillance reports when orders are executed under the same ETP ID. For these reasons, the Exchange believes the STP modifiers offer users enhanced order processing functionality that may prevent potentially undesirable executions without negatively impacting broker dealer best execution obligations.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)[7] of the Securities Exchange Act of 1934 (the "Exchange Act"), 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 in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. This functionality will allow firms to better manage order flow and prevent undesirable executions against themselves.

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

No written comments were solicited or received with respect to the proposed rule change.

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

Because the foregoing proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) by its terms does not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to

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

[8] 15 U.S.C. 78f(b)(5).

Section 19(b)(3)(A) of the Act[9] and Rule 19b-4(f)(6) thereunder.[10]

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay so that the benefits of this functionality to NYSE Arca market participants expected from the rule change will not be delayed. The Commission believes that waiving the 30-day operative delay to make this functionality available without delay is consistent with the protection of investors and the public interest. Therefore, the Commission designates the proposal operative upon filing.[11]

At any time within 60 days of the filing of the 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 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:

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9 15 U.S.C. 78s(b)(3)(A).

10 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to provide the Commission with 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 of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has fulfilled this requirement.

11 For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-2009-58 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-NYSEArca-2009-58. 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, 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 the 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-2009-58 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]

Elizabeth M. Murphy
Secretary

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