July 14, 2004

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC  20549-0609

Re:  File No. S7-18-04; Release No. 34-49505/March 30, 2004

Dear Mr. Katz:

The New York Stock Exchange (“NYSE”) appreciates the opportunity to comment on the Securities and Exchange Commission’s (“SEC”) proposed amendments to Rule 19b-4 and Form 19b-4 to require self-regulatory organizations (“SROs”) to file proposed rule changes through a web-based system and to maintain their proposed and current rules on their websites. The NYSE generally supports the proposals and agrees they will make the SRO rule filing process more transparent and efficient for the SEC, SROs and the public. We have, however, some suggestions to offer.

Use of Paper Filings

In the unusual circumstance that the web-submission system is not functioning at one or more points of potential failure, the NYSE believes that SROs should be allowed to use a paper version of the filing, with website posting to follow as soon as practicable after the problem is fixed. SROs will need to continue their operations and compliance with the statutory rule filing process regardless of the availability of the web system. It would be simplest for all concerned if a hand signature version of the electronic filing could be printed by the SRO and filed with the SEC, as is done today for all SRO filings.
Maintaining Current Rules, and Posting Rule Amendments, on SRO Websites

The SEC proposes to require SROs to maintain the text of their rules on their websites and to post new rules and amended rules by the next business day after notice of SEC approval or acceptance.

The NYSE generally supports this proposal. We note, however, that the key to its smooth operation would be for SEC approval and acceptance of rule changes to be communicated effectively to the SROs. Whether this notification is done with facsimile or by using the new SRO Rule Tracking System, or both, it will be important that the recipient, or recipients, as designated by the SRO, be used consistently by the SEC as addressees for the notifications.

In the case of an approved rule change that has a delayed effective date, we do not believe that the SRO’s website update should be delayed. The delayed effective date can be noted in the update. The NYSE already gives, and expects to continue to give, members notice of rules that become effective on a delayed basis.

With regard to the proposed one-business-day requirement for posting approved amendments to SRO rulebooks on SRO websites, the NYSE suggests that more flexibility should be provided to accommodate all the circumstances that may be present when a proposed rule amendment is approved, the notice of approval is transmitted to the SRO (the details of which are not known before transmittal) and the website posting deadline is thereby triggered. Those circumstances include administrative matters as practical as the availability of the person or persons who will need to receive the approval notice and arrange for the posting when the notice suddenly arrives, and the length and complexity of the amended rule language (which can vary widely) that must be incorporated into the website rulebook.

One of a number of solutions would be to require, within one business day, the posting of a notice next to the filing that it has been approved and that rule updates are pending. In addition, a statement could be placed in the rulebook itself next to the relevant rule to notify readers that the rule is subject to an amendment and will be updated shortly. Our concerns and suggestions also apply to updating NMS Plans.

Website Posting of NMS Plans

The SEC requests comment on whether the ITS, CTA and CQ Plans and amendments should be posted, within the same timeframes proposed for SRO rule change filings, on the administrator’s own website, or on a separate plan website.

The NYSE is willing to post on its website its composite versions of the Consolidated Tape and Consolidated Quotations Plans, as well as its composite version of the ITS Plan (although we note there is no administrator for the ITS Plan). We suggest that the SEC
and other SROs establish links from their websites to our own so that the public can readily access these NMS Plans.

**Recordkeeping Requirements for Manual Signature Page**

While the NYSE can comply with the proposed recordkeeping requirements for the proposed manual signature page, we question whether those proposals are necessary in view of the very structured digital ID process the SEC is proposing to use.

**Additional Opportunities for Streamlining the SRO Rule Filing Process**

There are additional ways that the SEC can make the SRO rule filing process more efficient for all concerned.

To increase the utility of SRO electronic filings and SEC approvals for the public’s benefit, the SEC might wish to post them on its own website, along with a notation of the date of filing and approval. This would make things much easier for someone who wishes to monitor the steady flow of SRO proposed rule changes and SEC actions on them. Also for the public’s convenience, the SEC may wish to post all of the SROs’ rulebooks on its website.

The SEC, SROs and the public could benefit from a streamlining/overhaul of Form 19b-4. For example, the requirements in Form 19b-4 and its Exhibit 1 (the Federal Register document) could be merged, particularly where they overlap (for example, Items 3, 4 and 5 of Form 19b-4 and (A), (B) and (C) in Exhibit 1). As another example, some of the required information that today is entered in narrative form under a number of headings could be converted to “yes-or-no” questions, with an explanation required as appropriate.

**Allowing Sufficient Time for Implementation**

The NYSE suggests that the SEC allow at least thirty days from its adoption of any new filing requirements for SROs to prepare their web systems and procedures to comply. We are optimistic that the SEC will adopt its electronic filing proposals, and we are well along in our own preparations. Since we do not know how fast the SEC will act after the comment deadline, we are suggesting the thirty-day interval before effectiveness of the new rules.

Thank you for this opportunity to comment on the proposed new rules.

Sincerely yours,

[Signature]

3