

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53800; File No. SR-NYSE-2006-26)

May 15, 2006

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Establishment of a NYSE TradeWorks Usage Fee

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 April 20, 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. The Exchange has designated this proposal as one establishing or changing a due, fee or other charge imposed by the Exchange under Section 19(b)(3)(A),³ and Rule 19b-4(f)(2) thereunder,⁴ 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 establish a fee to be paid by Member Organizations⁵ that wish to continue to use the Exchange’s proprietary order management system, NYSE TradeWorksSM

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ See NYSE Rule 2(b).

(“TradeWorks”),⁶ for the period from the date of this filing (April 20, 2006) until December 31, 2006.

The text of the proposed rule change is available on the NYSE’s Web site at <http://www.nyse.com>, the NYSE’s Office of the Secretary, and at the Commission’s Public Reference Room.

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 included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposal. The text of these statements may be examined at the places specified in Item IV below. NYSE 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

According to the NYSE, it has provided TradeWorks to Member Organizations free of charge. The Exchange expects to be able to introduce a new order management system in place of TradeWorks at the beginning of 2007. In the interim, the Exchange had planned to discontinue TradeWorks as of the end of March 2006, and estimated that this would save it approximately \$2 million over the course of the nine months before the scheduled

⁶ According to the Exchange, the NYSE TradeWorks is a messaging system, which enables Member Organizations’ broker booths on the floor to communicate with their trading desks and floor brokers. TradeWorks is not used to send orders to the floor. Instead, TradeWorks is primarily used by the brokers’ booth clerks to receive requests for “market looks” (quick evaluations of trading interest in a particular security) from the trading desk and route them to the floor brokers to respond to those requests. Telephone conversation between John Carey, Assistant General Counsel, NYSE, and Johnna B. Dumler, Attorney, Division of Market Regulation, Commission, on May 12, 2006.

implementation of the new system. However, a number of Member Organizations expressed a desire to continue to use TradeWorks for the remainder of 2006. To accommodate this request, the Exchange will continue to provide TradeWorks to those Member Organizations who have agreed to bear a portion of the cost of maintaining the system for that period. The Exchange proposes that each Member Organization wishing to continue to use TradeWorks pay a portion of the costs associated with the maintenance of TradeWorks. The Exchange will bear the remaining cost.

According to the Exchange, this arrangement will entail a payment by each Member Organization who elects to continue to use TradeWorks of \$10,000 for each percentage point of usage attributable to that Member Organization, allocated according to each Member Organization's usage of TradeWorks based on usage data for February 2006. The fee will be billed in nine monthly installments. The Exchange submits that seventeen Member Organizations, representing approximately 35% of February 2006 usage, have agreed to continue to use TradeWorks on these terms, representing a total billing of \$358,500. The Exchange will not permit Member Organizations to use TradeWorks that have not agreed in advance to the foregoing payment as a fee covering the entire period from the date of this filing until December 31, 2006.

2. Statutory Basis

The NYSE believes that the proposed rule change is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(4) of the Act,⁸ in particular, in that it is designed to assure the equitable allocation of reasonable dues, fees and other charges among its members and issuers and other persons using its facilities.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(4).

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

The NYSE 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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and subparagraph (f)(2) of Rule 19b-4 thereunder,¹⁰ since it establishes or changes a due, fee or other charge imposed by the Exchange.

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-NYSE-2006-26 on the subject line.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(2).

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-NYSE-2006-26. 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 Section. Copies of such filing also will be available for inspection and copying at the principal office of the NYSE. 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 No. SR-NYSE-2006-26 and should be submitted on or before [insert date 21 days from date of publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Nancy M. Morris
Secretary

¹¹ 17 CFR 200.30-3(a)(12).