

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54578; File No. SR-NYSE-2006-82)

October 5, 2006

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to A Pilot Until 10/31/06 to Put Into Operation Certain Rule Changes Pending Before the Securities and Exchange Commission to Coincide With the Exchange's Implementation of Phase 3 of the NYSE HYBRID MARKETSM

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 October 5, 2006 the New York Stock Exchange LLC ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to approve the proposed rule change on an accelerated basis.

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

The Exchange is proposing a pilot (the "Pilot") to put into operation certain rule changes pending before the Commission to coincide with the Exchange's implementation of NYSE HYBRID MARKETSM ("Hybrid Market")³ Phase 3 for the securities identified in Exhibit 3 of its filing. The text of the proposed rule change is available on NYSE's Web site (www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

¹ 15 U.S.C 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Hybrid Market was approved on March 22, 2006. See Securities Exchange Act Release No. 53539 (March 22, 2006), 71 FR 16353 (March 31, 2006) (SR-NYSE-2004-05) ("Hybrid Market Order").

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 NYSE 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 III below. The 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

The Commission approved the Hybrid Market on March 22, 2006.⁴ The approved rules did not become effective immediately; rather they are being implemented in a series of phases over a period of time.

Implementation of Phase 1 of the Hybrid Market, which focused primarily on the ability of Floor brokers to electronically represent their customers' interest ("e-Quote"), was substantially completed on April 5, 2006.

Phase 2 of the Hybrid Market focused primarily on the ability of specialists to use their algorithmic systems to quote and trade. The installation of software necessary to implement Phase 2 of the Hybrid Market has been installed Floor-wide. Some specialist firms have been in the process of readying their systems to quote and trade with receipt of order information, while others have begun quoting with receipt of such information. Phase 2 will continue to become operational concurrently with the roll out of Phase 3. In addition, beginning June 21, 2006, specialists were permitted to algorithmically quote ("s-Quote") in their specialty securities,

⁴ Id.

without the receipt of order information as such orders are entering Exchange systems.⁵ Starting August 15, 2006, specialists were permitted to send algorithmically-generated trading messages to interact with the Exchange quotation (“hit bid/take offer”), also without receipt of order information as such orders are entering Exchange systems.⁶

Phase 3 of the Hybrid Market, as approved, includes implementation of the following features:

- automatic routing of orders to automated markets posting better bids and offers in accordance with Regulation NMS;
- availability of NYSE IOC orders for automatic executions;
- use of indicators to identify NYSE quotations that are not immediately available for automatic execution;
- implementation of gap quoting requirements;
- elimination of 1,099 size restriction for automatic executions and increase in size eligibility for automatic executions to 1 million shares;⁷
- elimination of 30-second restriction on the entry of auto ex orders on orders from the same person;
- availability of automatic executions through the close;
- elimination of Direct+ availability only to straight limit orders;
- elimination of Direct+ suspensions due to price (i.e., a trade at a price that would

⁵ See Securities Exchange Act Release No. 54024 (June 21, 2006), 71 FR 36849 (June 28, 2006) (SR-NYSE-2006-44). This is effective until Phase 2 is fully implemented.

⁶ See Securities Exchange Act Release No. 54316 (August 15, 2006), 71 FR 48569 (August 21, 2006) (SR-NYSE-2006-59). This is effective until Phase 2 is fully implemented.

⁷ See Securities Exchange Act Release No. 54520 (September 27, 2006), 71 FR 57590 (September 29, 2006) (SR-NYSE-2006-65) (proposing to amend several Exchange Rules to clarify certain definitions and systemic processes (“Omnibus Filing”)).

be more than five cents from the last trade in the stock on the Exchange);

- elimination of Direct+ suspensions due to size (i.e., a 100-share published bid or offer);
- conversion of marketable limit orders to auto ex orders; and
- automatic executions of market orders.⁸

The Exchange intends to begin implementation of Phase 3 on October 6, 2006. The Exchange has proposed changes to some of the rules already approved for implementation in Phase 3⁹ as well as moving the implementation of sweeps and liquidity replenishment points (“LRPs”) originally included for Phase 4 to Phase 3.¹⁰

In addition, the Exchange has proposed modifications to other Exchange Rules that the Exchange proposes to become operational as part of Phase 3 and are the subject of other pending rule filings.¹¹ The substantive proposed amendments in the Omnibus Filing, Stabilization Filing and Block Cross Filing are necessary to a successful implementation of Phase 3, except the proposed changes in the Omnibus filing applicable to “auction limit” and “auction market”

⁸ Id.

⁹ See Omnibus Filing.

¹⁰ The Commission notes that the Exchange has proposed changes to its sweep functionality and LRPs. Specifically, in the Omnibus Filing, the Exchange proposes to amend NYSE Rule 1000(d)(iii) to provide that during a sweep, an order will trade with all interest at each price capable of trading, before moving to the next price point. In addition, the Exchange proposes to amend NYSE Rule 1000(a)(iv) to implement a single LRP rather than the two LRPs originally approved in the Hybrid Market Order. These Omnibus Filing changes are included in the Pilot.

¹¹ See Securities Exchange Act Release No. 54504 (September 26, 2006), 71 FR 57011 (September 28, 2006) (SR-NYSE 2006-76) (proposing to amend the specialist stabilization requirements set forth in Exchange Rule 104.10 (“Stabilization Filing”)); and SR-NYSE-2006-73 (filed on September 13, 2006) (proposing to amend Exchange Rule 127 which governs the execution of a block cross transaction at a price outside the prevailing NYSE quotation (“Block Cross Filing”). See also Omnibus Filing (proposing amendments to Exchange Rules related to stop order and stop limit orders).

orders. These order types will not be available in Phase 3.

Accordingly, the Exchange proposes to implement on a pilot basis the changes that the Exchange has proposed in the Omnibus Filing, Stabilization Filing, and the Block Cross Filing.¹² The proposed amendments to rules previously approved in the Hybrid Market¹³ and new proposals¹⁴ are discussed in detail in those filings. The Pilot would apply to a group of securities, known as Phase 3 Pilot securities (“Pilot securities”).¹⁵ The Pilot would commence following Securities and Exchange Commission approval of the Pilot¹⁶ and will terminate on the close of business on October 31, 2006.

The Exchange plans to phase-in the securities in the Pilot, if approved, over several weeks. However, Exchange Rule 1002(P3) (“Availability of Automatic Execution Feature”),

¹² The amendments to Exchange rules proposed pursuant to the Omnibus Filing, Stabilization Filing and Block Cross Filing are attached to the filing, available on the Exchange’s Web site, as Exhibits 5A, 5B, and 5C respectively. In Exhibit 5 of the filing the Exchange proposes to retain NYSE Rule 104.10(7) and to add language to NYSE Rule 104.10(5)(i)(a)(II)(a) to clarify that such transactions are other than those reaching across the market. These changes are not reflected in the Stabilization Filing and Exhibit 5B. In addition, in Exhibit 5 of the filing, the Exchange proposes additional changes to Exchange Rule 127 that are also not reflected in the Block Cross Filing and Exhibit 5C. The Exchange intends to submit amendments to the aforementioned filings to the Commission to reflect these changes.

¹³ See Omnibus Filing.

¹⁴ See Stabilization Filing, Block Cross Filing and proposed amendments to stop orders and stop limit orders contained in Omnibus Filing.

¹⁵ Phase 3 Pilot securities will also be posted on the Exchange’s Web site.

¹⁶ The changes related to stop orders and stop limit orders proposed in the Omnibus Filing will be implemented on October 16, 2006 pending SEC approval of this Pilot, to give customers and member organizations sufficient time to make any changes necessary as a result of the elimination of stop limit orders.

which extends automatic executions to the close, will apply to all securities on the Exchange upon commencement of the Pilot.¹⁷

To eliminate possible confusion as to which Exchange Rules or sections thereof apply to the Pilot securities, the Exchange has identified the rules that will be operational during the Pilot with a “P3.”

For purposes of the Pilot, the Exchange further requests that the Commission re-interpret the specialist’s negative obligation to eliminate the requirement with respect to Exchange Rule 104(a) that each trade by the specialist for the dealer account meet a test of reasonable necessity.¹⁸ The Exchange believes that such an interpretation is appropriate in view of the development of the national market system over the past seventy years since the interpretation was initially issued.

According to the Exchange, the Commission has been granted specific authority by Congress to reinterpret the negative obligation. Specifically, in 1975, in connection with the 1975 amendments¹⁹ to the Act, Congress eliminated the negative obligation clause from Section 11(b) of the Act and gave the Commission the flexibility to define dealer obligations for both

¹⁷ The extension of automatic executions to the close as set forth in NYSE Rule 1002 was approved as part of the Hybrid Market filings. See Securities Exchange Act Release No. 53539, supra note 3. As approved, NYSE Rule 1002 was always intended for implementation in Phase 3. The amendments to NYSE Rule 1002, set forth in the pending Omnibus Filing, are merely technical in nature, clarifying the rule’s applicability, rather than the operation.

¹⁸ The Exchange is not seeking to have the Commission eliminate trade-by-trade analysis with respect to rules specifically calling for such an analysis, such as rules relating to Prohibited trades under NYSE Rule 104.10(5) and Conditional trades in inactive securities and NYSE Rule 104.10(6).

¹⁹ Securities Acts Amendments of 1975 (“1975 Amendments”), Pub. L. No. 94-29, 89 Stat. 97 (June 4, 1975).

exchange members and over-the-counter market makers. In making the changes, Congress noted that changes in the marketplace might warrant changes in the scope of the dealer obligation:

It might well be that with active competition among market makers and the elimination of trading advantages specialists now enjoy, such a restriction on specialists' dealings would become unnecessary. Because trading patterns and market making behavior in the context of a national market system cannot now be predicted, it appears appropriate to expand the Commission's rulemaking authority in this area so that the Commission may define responsibilities and restrict activities of specialists in response to changing market conditions.²⁰

The Exchange believes that the conditions for change that were identified by Congress have largely come to pass, and that as a result, it is appropriate to redefine the scope of the specialist's negative obligation. For example, the institutionalization of the market, increased competition, and increased application of computer and communication technology has significantly diminished the time-and-place advantages of specialists. As a result, markets have seen increases in the average daily trading volume and the movement off the Floor of the decision making that affects the direction and extent of movements in the specialty stocks. There is also a dramatic increase in transparency with respect to the specialist's book through, among other things, Exchange initiatives like Exchange OPENBOOK.TM This increased transparency gives all market participants, both on and off the Floor, a greater ability to see and react to market changes.

²⁰ S. Rep. No. 94-75, at 100 (1975).

There has also been a significant increase in competition in Exchange-listed securities. For example, unlike in previous years, Exchange specialists must now compete with upstairs liquidity providers and with multiple OTC dealers, crossing networks and Alternative Trading Systems. As a result of UTP and dual listings, specialists also face competition from other national and regional exchanges. For all of these reasons, the Exchange believes that it is appropriate to reinterpret the negative obligation away from an emphasis on trade-by-trade necessity, and toward an approach based on patterns and practices in the trading of specialty securities for the dealer account.

New York Stock Exchange Regulation (“NYSER”) has appropriate surveillance procedures in place to surveil for compliance with the negative obligation by specialists. For example, NYSEER will monitor, on a pattern and practice basis, specialist activity that appears to cause or exacerbate an excessive price movement in the market, as such transactions would appear to be in violation with a specialist’s negative obligation. Additionally, the Division of Market Surveillance of NYSEER will monitor for all subsequent action taken by the specialist, or lack thereof, to cushion such price movement. As today, the Exchange will in the context of price volatility alerts, monitor for excessive price movements that may involve a failure to comply with either the affirmative or negative obligation. As the Exchange gains experience with its new market structure, the Exchange will enhance existing surveillances and/or create new surveillances where necessary and appropriate to monitor for compliance with the specialist negative obligations.

The Exchange believes the Pilot will prove beneficial from both a technology and a training perspective. The process will allow for a controlled and moderated roll out of the new systems and capabilities. The Pilot will allow the Exchange to commence implementation of

Hybrid Market Phase 3, as amended, therefore providing the Exchange and users with real-time testing of those functionalities.

Further, the Pilot will give the Exchange the opportunity to identify and address any system problems and to identify and incorporate beneficial system changes that become apparent as a result of usage in real time and under real market conditions. The ability to have such real time user interface will be invaluable, as it is impossible to accurately anticipate behavioral changes in a development or mock-trading environment. In addition, the Pilot will allow users to gain essential practical experience with the new systems and processes in a well-modulated way.

Prior to the Pilot, there has been comprehensive training for both Floor brokers and specialists, individually and together in a mock trading environment. Training was conducted by the Exchange and was supplemented in most cases by firm-specific training conducted by member organizations for their employees. The Exchange training environment was made available also to proprietary system vendors for their training sessions.

In addition, testing has occurred at all levels, including development testing, automation testing, SIAC testing, NYSE testing, integrated system testing and code reviews, production environment testing, fall-back and recovery testing, and regression and new functionality testing.

Moreover, the Exchange intends to have available at all times during the Pilot two versions of the operating software – the new version that would be operational and the original, pre-Pilot version. If a problem develops during the Pilot, the Exchange will be able to revert to the pre-Pilot software within an average time of two minutes or less.

The Pilot will also enable the Exchange to be fully Regulation NMS²¹-compliant by

²¹ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005) (17 CFR Parts 200, 201, 230, 240, 242, 249, and 270).

February 5, 2007 date and comply with its obligations under the proposed NMS Linkage Plan.²² Without this Pilot, it is unlikely the Exchange will be able to meet either requirement.

The Exchange anticipates that the Pilot will operate with minimal problems given the amount and degree of testing and training that has occurred to date. Accordingly, the Exchange believes that the extensiveness of the testing and training, the phase-in approach described above and the fall-back capabilities of Exchange Systems provide significant assurances that the Pilot will operate as expected. However, in the event systems or other problems arise with the Pilot that adversely impact investors or impede the Exchange's ability to maintain a fair and orderly market, the Exchange will immediately terminate the Pilot in whole or in part, as appropriate, and return trading to current operations under current NYSE rules.

Finally, the Exchange represents that it will provide the Commission with any and all data and analysis the Commission may request regarding the operation of the rules governing stabilization.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act²³ that an exchange have rules that are 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. The Exchange believes that the proposed rule change is also designed to support the principles of Section

²² A "Plan for the Purpose of Creating and Operating an Intermarket Communications Linkage Pursuant to Section 11A(a)(3)(B) of the Securities Exchange Act of 1934" to facilitate trades between different market centers. See Securities Exchange Act Release No. 54551 (September 29, 2006). The Commission published notice of the NMS Linkage Plan on July 28, 2006. See also Securities Exchange Act Release No. 54239 (July 28, 2006), 71 FR 44328 (August 4, 2006), 17 CFR 242.608.

²³ 15 U.S.C. 78f(b)(5).

11A(a)(1)²⁴ of the Act in that it seeks to assure economically efficient execution of securities transactions, make it practicable for brokers to execute investors' orders in the best market and provide an opportunity for investors' orders to be executed without the participation of a dealer.

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.²⁵

III. 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-2006-82 on the subject line.

²⁴ 15 U.S.C. 78k-1(a)(1).

²⁵ The Commission notes that it has received a comment letter in response to the Omnibus Filing.

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-2006-82. 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 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 Number SR-NYSE-2006-82 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

IV. Commission's Finding and Order Granting Accelerated Approval of the Proposed Rule Change

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.²⁶

²⁶ In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

Specifically, the Commission finds that approval of the proposed rule change is consistent with Section 6(b)(5) of the Act because the proposal 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.

With this proposed rule change, the Exchange has requested temporary approval by the Commission of certain proposed amendments to the rules that govern its Hybrid Market, so that it may begin to implement Phase 3, with the rules that the Exchange has proposed to amend while these changes are pending approval by the Commission. According to the Exchange, this Pilot is necessary so that the Exchange can maintain its planned implementation schedule for the Hybrid Market and meet the Regulation NMS compliance dates. In addition, this Pilot will allow NYSE to comply with the new NMS Linkage Plan.

The Commission is considering each of the proposed filings that are pending, including comments received, if any, and has not reached a decision on whether they should be approved or disapproved. The Commission, however, believes that due to the limited nature of the Pilot and its short duration, it is consistent with the Act to allow NYSE to implement the Pilot so that it may remain on schedule for Regulation NMS compliance, begin testing its new systems with this Pilot and comply with the NMS Linkage Plan.

The NYSE explained in its filing that it has tested these Hybrid Market functions extensively but that it needs to test them in an actual trading environment to ensure that they operate as intended. Accordingly, NYSE represented that it does not anticipate any significant problems arising from the Pilot. However, NYSE will immediately terminate the Pilot, in whole or in part, as appropriate, should any systems or other problems arise that adversely impact the

protection of investors or impede its ability to maintain a fair and orderly market, and return trading to its current operations under current NYSE rules.²⁷

A. Stabilization Filing

The Commission is currently considering the Stabilization Filing. As noted above, the Exchange has also requested a temporary interpretation by the Commission of the specialists' negative obligation set forth in NYSE Rule 104(a) to eliminate the requirement that each trade by a specialist meet a test of reasonable necessity. NYSE Rule 104(a) states that "no specialist shall effect on the Exchange purchases or sales of any security in which such specialist is registered, for any account in which he or his member organization . . . is directly or indirectly interested, unless such dealings are reasonably necessary to permit such specialist to maintain a fair and orderly market . . ." In 1937, the Commission issued an interpretation ("Saperstein Interpretation") that among other things, stated that each transaction by a specialist for his own account must meet the test of reasonable necessity.²⁸ The Saperstein Interpretation made clear that specialist's transactions for his own account would be required to meet the rule on a transaction-by-transaction basis, rather than on a review of such transactions generally.

In its filing, the NYSE requested that the Commission re-interpret the specialist's negative obligation to eliminate the requirement that each trade by the specialist for its dealer account meet a test of reasonable necessity. The Exchange has stated that it intends to amend the

²⁷ The Exchange stated that it would be able to revert back to pre-Pilot operations within an average of two minutes or less. The Exchange represents that it intends to have available at all times during the Pilot two versions of the operating software: (1) the new version that would be operational during the Pilot and (2) the original, pre-Pilot version which would operational in case the Pilot prematurely needs to be terminated. The Exchange will notify the public via its Web site if the Pilot is terminated in whole or in part. In addition, the Exchange will notify floor members at the post if the Pilot is terminated in whole or in part.

²⁸ See Securities Exchange Release No. 1117 (March 30, 1937), at 4.

Stabilization Filing to include such a request there as well. The Commission notes that the comment period for the Stabilization Filing has not yet expired, and the Commission specifically requests comment on the appropriateness of the Exchange's request to amend the Commission's interpretation that the specialist's negative obligation be evaluated on a transaction-by-transaction basis.

The Commission agrees with the NYSE that the national market system has changed greatly in the nearly seventy years since the Saperstein Interpretation was issued. The Commission also agrees that increased automation and competition – both within the Hybrid Market and in the markets generally – are significant factors, among others, that must be considered with regard to the scope of specialists' responsibilities and obligations. The Commission intends to fully consider the NYSE's request relating to the transaction-by-transaction requirement of the Saperstein Interpretation when it decides whether to approve the Stabilization Filing, as amended. However, the Commission preliminarily believes that the Exchange's request may have merit and, therefore, is permitting, as part of this Pilot, the Exchange to review the specialists' negative obligations on a pattern and practice basis, rather than on a transaction-by-transaction basis. The Commission emphasizes that this review applies solely to the interpretation of Exchange Rule 104(a) and notes that the specific requirements and restrictions applicable to specialists, set forth in NYSE Rule 104.10(5)(i)(b), Rule 104.10(5)(i)(c), and Rule 104.10(6), must be reviewed and complied with for each individual transaction. Further, this temporary interpretation applies solely to the Pilot Securities.

The Exchange represented that it will conduct surveillance of specialist trading for compliance with their negative obligation. NYSE further represented that it will enhance existing surveillance and/or create new surveillances as necessary and appropriate to monitor for

compliance with the negative obligation. The Commission wishes to emphasize that specialists remain subject to the restrictions set forth in the negative obligation with regard to proprietary trading.²⁹

B. Accelerated Approval of the Pilot Proposal

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act,³⁰ for approving the proposed rule change prior to the thirtieth day after the date of publication of the notice in the Federal Register. The Pilot, which as discussed above is limited in scope and duration, will allow the NYSE to remain on schedule for compliance with Regulation NMS, comply with the NMS Linkage Plan and to conduct real-time system and user testing of certain features of the Hybrid Market. According to NYSE, such testing should be beneficial from both a technology and a training perspective. Although preliminary steps have been taken – in the form of NYSE-provided training for both Floor brokers and specialists, training by member organizations for their employees, and training by proprietary system vendors in the NYSE trading environment for their training sessions – the Pilot should give the Exchange the opportunity to identify and address any system problems with these particular rules under the Hybrid Market. Further, the Pilot should allow users to gain essential practical experience with the new systems and processes. Therefore, the Commission finds that immediate implementation of the Pilot, which is limited in both scope and duration, should permit NYSE to remain on schedule to meet the Regulation NMS compliance dates, comply with the NMS Linkage Plan and continue to implement its Hybrid Market changes in an orderly manner.

V. Conclusion

²⁹ See also Hybrid Market Order for a discussion of the negative obligation, supra note 3.

³⁰ 15 U.S.C. 78s(b)(2).

IT IS THEREFOR ORDERED, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-NYSE-2006-82) is hereby approved on an accelerated basis until October 31, 2006.

For the Commission, by the Division of Market Regulation, by delegated authority.³¹

Nancy M. Morris
Secretary

³¹ 17 CFR 200.30-3(a)(12).