

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54675; File No. SR-NYSE-2006-96)

October 31, 2006

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to a Request to Extend the Pilot Operating During the Exchange's Implementation of NYSE Hybrid Market Phase 3 until November 30, 2006

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 26, 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 and II below, which Items have been prepared by the Exchange. NYSE filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) 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

NYSE proposes to extend the pilot ("Pilot")⁵ which put into operation certain rule changes pending before the Commission to coincide with the Exchange's implementation of NYSE HYBRID MARKETSM ("Hybrid Market")⁶ Phase 3.

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)(6).

⁵ See Securities Exchange Act Release Nos. 54578 (October 5, 2006), 71 FR 60216 (October 12, 2006) and 54610 (October 16, 2006), 71 FR 62142 (October 23, 2006).

⁶ 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).

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 Exchange 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 IV below. The Exchange 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

On October 5, 2006, the Commission approved the Pilot to, among other things, put into operation certain proposed modifications to Exchange Rules that are currently pending⁷ before the Commission to coincide with the Exchange's implementation of the Hybrid Market Phase 3. The Pilot commenced on October 6, 2006⁸ and is scheduled to terminate on the close of business October 31, 2006.

The Exchange proposes to extend the Pilot through November 30, 2006 or the earlier of Commission approval of the Omnibus Filing, Stabilization Filing and the Block Cross Filing

⁷ See, Securities Exchange Act Release Nos. 54520 (September 27, 2006), 71 FR 57590 (September 29, 2006) (proposing to amend several Exchange Rules to clarify certain definitions and systemic processes ("Omnibus Filing")); 54504 (September 26, 2006), 71 FR 57011 (September 28, 2006), (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) and Amendment No. 1 thereto (filed on October 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")).

⁸ The changes related to stop orders and stop limit orders proposed in the Omnibus Filing were implemented on October 16, 2006 in order to give customers and member organizations sufficient time to make any changes necessary as a result of the elimination of stop limit orders.

while the Commission continues to review the aforementioned pending filings. The approval of any one of the pending filings terminates the operation of the rules associated with the approved filing from the Pilot. The Pilot shall not terminate in its entirety unless and until all pending filings are approved or November 30, 2006.

An extension of the Pilot will allow the Exchange to continue to operate the Hybrid Market Phase 3 and commence implementation of Hybrid Market Phase 4 in a timely manner. The Exchange believes that an extension of the Pilot will also enable the Exchange to be fully Regulation NMS⁹-compliant by February 5, 2007 date and comply with its obligations under the proposed NMS Linkage Plan.¹⁰

The Exchange further believes that extending the Pilot will allow it to continue identifying and addressing any system problems. The Exchange will continue to identify and incorporate beneficial system changes that become apparent as a result of usage in real time and under real market conditions.

An extension of the Pilot will further the Exchange's ability to have real time user interface which is proving very useful to the Exchange. Moreover, by extending the Pilot, current users will continue gaining the essential practical experience with the new systems and processes in a well-modulated way, in real time and under real market conditions that cannot be completely replicated in the mock-trading environment.

⁹ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

¹⁰ 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), 71 FR 59148 (October 6, 2006). The Commission published notice of the NMS Linkage Plan on July 28, 2006. See Securities Exchange Act Release No. 54239 (July 28, 2006), 71 FR 44328 (August 4, 2006).

The Exchange is currently in the process of phasing in the securities operating under the Pilot. As expected, the Pilot is operating with minimal problems and the benefits as described above are proving invaluable. Therefore, the Exchange believes it is appropriate to extend the Pilot through November 30, 2006 or the earlier of Commission approval of the pending filings as described above.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹² in particular, in that it 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. The Exchange believes that the proposed rule change is also designed to support the principles of Section 11A(a)(1) of the Act¹³ in that it seeks to assure economically efficient execution of securities transactions.

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.

¹¹ 15 U.S.C. 78f.

¹² 15 U.S.C. 78f(b)(5).

¹³ 15 U.S.C. 78k-1(a)(1).

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

Because the foregoing proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and by its terms, does not 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 Act¹⁴ and Rule 19b-4(f)(6) thereunder.¹⁵

A proposed rule change filed under Rule 19b-4(f)(6) normally may not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)¹⁶ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the five-day pre-filing notice requirement and the 30-day operative delay and designate the proposed rule change immediately operative upon filing. The Commission believes that waiver of the five-day pre-filing notice requirement and the 30-day operative delay is consistent with the protection of investors and the public interest because it would allow the Pilot to continue without interruption. Accordingly, the Commission designates the proposal to be effective and operative upon filing with the Commission on a pilot basis until November 30, 2006.¹⁷

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ 17 CFR 240.19b-4(f)(6)(iii).

¹⁷ 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. 15 U.S.C. 78c(f).

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:

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-2006-96 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-NYSE-2006-96. 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 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-NYSE-2006-96 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Nancy M. Morris
Secretary

¹⁸ 17 CFR 200.30-3(a)(12).