

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54713; File No. SR-NYSE-2006-98)

November 6, 2006

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of a Proposed Rule Change Regarding the Amendment of NYSE Rule 300 Relating to Trading Licenses and the Deletion of NYSE Rule 300T

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 November 3, 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 NYSE. 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 Rule 300 relating to trading licenses to charge a fixed price of \$50,000 for calendar year 2007 trading licenses that are purchased during the 2006 offering period, rather than using an auction to determine the trading license price as was done for calendar year 2006. The Exchange is also proposing to modify the fee relating to the approval of any new member or pre-qualified substitute. The Exchange is also deleting NYSE Rule 300T, which is no longer necessary.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

The Exchange proposes to amend NYSE Rule 300 relating to trading licenses to charge a fixed price of \$50,000 for calendar year 2007 trading licenses that are purchased during the 2006 offering period, rather than using an auction to determine the trading license price as was done for calendar year 2006. The Exchange is also proposing to modify the fee relating to the approval of any new member or pre-qualified substitute. The Exchange is also deleting NYSE Rule 300T, which is no longer necessary.

The auction process used in anticipation of the merger between New York Stock Exchange, Inc. and Archipelago Holdings, Inc. in March 2006 produced a trading license price of \$49,290. The Exchange believes that this is evidence that a \$50,000 annual fee for a trading license is fair and reasonable. The Exchange believes that moving to a fixed price for trading licenses will also simplify the process under which member organizations obtain trading licenses, and that certainty regarding the price for a trading license will be a benefit to both its member organizations and the Exchange.

Because there will be no chance of an unexpectedly high purchase price, as was the case when the price was set by auction, the Exchange believes that there is no need to provide for a

re-pricing if fewer than 1,000 trading licenses are applied for. The Exchange also notes that since 1,279 trading licenses were purchased last year at \$49,290, there is no reason to believe that a price of \$50,000 would substantially reduce the number of trading licenses sold for calendar year 2007.

Nonetheless, to insure fairness in the allocation of trading licenses among those desiring them, the Exchange will retain certain restrictions imposed this past year. Accordingly, member organizations would initially be limited to applying for a number of licenses equal to the greater of 35 or 125% of the number of trading licenses they used in 2006. So that member organizations would not be affected by end of year fluctuations in the number of licenses held, the 125% will be calculated with reference to the greatest number of licenses held by the member organization during calendar year 2006. For example, if a member organization had, at its highest point in 2006, 36 trading licenses issued to it, the member organization would be entitled to apply for 45 trading licenses for 2007, even if at the time of the 2006 offering period, the member organization only held 32 trading licenses. In no event would the total number of trading licenses issued by the Exchange exceed 1,366, and if in the offering more than 1,366 licenses are applied for, the Exchange would allow member organizations to purchase up to the greatest number they used in calendar year 2006, with the additional trading licenses up to 1,366 apportioned among interested member organizations by lottery.

Since there is no longer a need to encourage participation in an auction, the Exchange would eliminate the requirement that trading licenses purchased after the annual offering pay a 10% premium. As was the case this year, the purchase price for all trading licenses would be paid in monthly installments, and early terminations would pay a termination fee equal to one month's installment of the purchase price.

The Exchange also proposes to modify the fee relating to the approval of any new member or pre-qualified substitute. Currently, the Exchange charges a fee of \$1,000 for the approval of new trading license holders or pre-qualified substitutes. The fee does not apply to current trading license holders who are approved for trading floor access. Based on its experience with the administration of the approval process during 2006, the Exchange proposes to increase this fee from \$1,000 to \$5,000. The Exchange believes that the increase is appropriate to defray the administrative expenses associated with the approval of new members and pre-qualified substitutes, and notes that it is in line with the \$5,000 fee the Exchange charged prior to the merger for transfers of memberships.

Finally, the Exchange is eliminating NYSE Rule 300T, which was needed only with respect to the auction conducted in 2006, the year in which the merger between New York Stock Exchange, Inc. and Archipelago Holdings, Inc. occurred.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirement under Section 6(b)(4) of the Act³ that a national securities exchange have rules that provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

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

Written comments were neither solicited nor received.

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which NYSE consents, the Commission will:

- (A) by order approve such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2006-98 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-2006-98. 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

³ 15 U.S.C. 78f(b)(4).

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 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-2006-98 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.⁴

Nancy M. Morris
Secretary

⁴ 17 CFR 200.30-3(a)(12).