

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55904; File No. SR-NYSE-2007-50)

June 13, 2007

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Extend Its Current Revenue Sharing Program for Its Specialists for an Additional Three Months

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 May 31, 2007, the New York Stock Exchange LLC (“Exchange” or “NYSE”) 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 substantially prepared by the Exchange. 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 extend its current revenue sharing program for its specialists for an additional three months (through August 31, 2007).

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. 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to extend for an additional three months its current revenue sharing program for its specialists. The revenue sharing program was instituted³ in connection with the Exchange's adoption of Rule 104B,⁴ which prohibits specialists from charging commissions. The Exchange established the revenue sharing program for a six-month period commencing December 1, 2006, in order to partially offset the specialists' loss of commission revenues. In its original filing, the Exchange stated that it intended to adopt a revised revenue sharing program commencing June 1, 2007, that would provide variable payments to the specialist firms depending on performance. The Exchange is not yet ready to put this revised revenue sharing program in place and, in the interim, proposes to extend the current revenue sharing program for an additional three months commencing June 1, 2007.

The Exchange will distribute a fixed amount of \$26.5 million among the specialists for the three-month period commencing on June 1, 2007, to be paid in three monthly installments. The Exchange will allocate this fixed amount in proportion to the rebates each of the specialist firms would have received in October 2006⁵ if there had been a revenue sharing program in place utilizing the following two formulas:

³ See Securities Exchange Act Release No. 54856 (December 1, 2006), 71 FR 71215 (December 8, 2006) (SR-NYSE-2006-106).

⁴ See Securities Exchange Act Release No. 54850 (November 30, 2006), 71 FR 71217 (December 8, 2006) (SR-NYSE-2006-105).

⁵ The Exchange is using the specialist firms' performance in October 2006 as a basis for determining the amounts received by each firm because this was the period used for that purpose in connection with the initial six months of the revenue sharing program and the amount each specialist firm will receive each month will therefore remain unchanged.

- (1) Each specialist firm would receive a rebate relating to that specialist firm's absolute market share for October 2006 in each of its specialty stocks if that market share exceeded 35%. A market share in a stock that was equal to or exceeded 35% would entitle a specialist to a rebate of (i) \$15 for each percentage point above or equal to 35% up to and including 50%, (ii) \$25 for each percentage point above 50% up to and including 65%, (iii) \$35 for each percentage point above 65% up to and including 80%, and (iv) \$45 for each percentage point above 80%. The following are examples of how this rebate would be paid:
- If Specialist X traded XYZ stock in which the Exchange had a 50% market share, it would receive \$225 per month, which is 15 (i.e., the number of percentage points above 35%) multiplied by \$15.
 - If Specialist X traded XYZ stock in which the Exchange had a 65% market share, it would receive \$600 per month, which is 15 (i.e., the number of percentage points above 35% up to and including 50%) multiplied by \$15, plus 15 (i.e., the number of percentage points above 50%) multiplied by \$25.
- (2) Each specialist firm would receive a volume-weighted rebate for every share traded in October 2006 in a stock in which the Exchange had a greater than 35% market share. If the Exchange had a market share:
- Equal to or greater than 35% up to and including 50%, the rebate would be \$0.00013 per share.
 - Greater than 50% up to and including 65%, the rebate would be \$0.00014 per share.

- Greater than 65% up to and including 80%, the rebate would be \$0.00015 per share.
- Greater than 80%, the rebate would be \$0.00016 per share.

The following are examples of how the volume-weighted rebate would be paid:

- If Specialist X traded XYZ stock in which the Exchange had a 50% market share, it would receive a rebate of \$0.00013 for every share traded above the 35% market share threshold.
- If Specialist X traded XYZ stock in which the Exchange had a 65% market share, it would receive a rebate of \$0.00013 per share for every share traded above the 35% market share threshold up to and including a 50% market share and then would receive \$0.00014 for every share above the 50% level.

The Exchange may alter the provisions of the revenue sharing program in the future in response to its experience with its application over time.⁶

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act⁷ in general and furthers the objectives of Section 6(b)(4)⁸ in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

⁶ The Exchange will file a rule filing with the Commission pursuant to the Act and the rules thereunder in relation to any such changes prior to their implementation.

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(4).

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

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

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-2007-50 on the subject line.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 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-2007-50. 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 Commissions 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-2007-50 and should be submitted on or before [insert date 21 days from the date of publication in the Federal Register].

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

Florence E. Harmon
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).