

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-61201; File No. SR-NYSE-2009-127)

December 18, 2009

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Extending the Pilot Program that Offers Liquidity Takers a Reduced Transaction Fee Structure for Certain Bond Trades Executed on the NYSE Bonds System and Retiring the Liquidity Provider Credit Pilot Program

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 December 17, 2009, the New York Stock Exchange LLC (“NYSE” or the “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 Exchange. 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)(ii) of the Act³ 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 extend the pilot program that offers liquidity takers a reduced transaction fee structure for certain bond trades executed on the NYSE BondsSM system (“NYSE Bonds”) to June 30, 2010, and retire the pilot program that issues liquidity providers a \$20 credit for certain bond trades executed on NYSE Bonds with an execution size of less than 20 bonds that is due to expire on December 31, 2009. The text of the proposed rule change is available on

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

the NYSE's Web site (<http://www.nyx.com>), on the Commission's Web site (<http://www.sec.gov>), at the Exchange's principal office, 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, the self-regulatory organization 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

The New York Stock Exchange LLC (the "Exchange" or the "NYSE") proposes to: (1) extend the pilot program that offers liquidity takers a reduced transaction fee structure for certain bond trades executed on the NYSE BondsSM system ("NYSE Bonds") to June 30, 2010, and (2) retire the pilot program that issues liquidity providers a \$20 credit for certain bond trades executed on NYSE Bonds with an execution size of less than 20 bonds that is due to expire on December 31, 2009.

Liquidity Taker Pilot Program

The Exchange's pilot program reduces transaction fees charged to liquidity takers for transactions executed on NYSE Bonds with a staggered transaction fee schedule based on the number of bonds purchased or sold in excess of ten (10) bonds. Currently, the transaction fee for orders that take liquidity from the market is \$.50 per bond. This fee remains unchanged for orders up to ten (10) bonds. The extended fee filing pilot program provides for the following

transaction fee schedule: (1) when the liquidity taker purchases or sells from one to ten (10) bonds, the Exchange will charge an execution fee of \$0.50 per bond; (2) when the liquidity taker purchases or sells from eleven (11) to twenty five (25) bonds, the Exchange will charge an execution fee of \$0.20 per bond, and (3) when the liquidity taker purchases or sells twenty six (26) bonds or more, the Exchange will charge an execution fee of \$0.10 per bond.

For example, if a liquidity taker purchases or sells five (5) bonds, the Exchange will charge \$.50 per bond, or a total of \$2.50 for execution fees. If a liquidity taker purchases or sells twenty (20) bonds, the Exchange will charge \$.20 per bond or a total of \$4.00 for execution fees. If a liquidity taker purchases or sells thirty (30) bonds, the Exchange will charge \$.10 per bond or a total of \$3.00 for execution fees.

The Exchange will continue to impose a \$100 execution fee cap per transaction.

The Exchange seeks to file with the Commission, a proposal to make this liquidity taker program permanent. Accordingly, the Exchange proposes to extend the pilot program for an additional six (6) months in order to give the Exchange the necessary time to complete the 19b-4 process regarding the program permanency filing.

Liquidity Taker Pilot Program

In December 2007, the Exchange initiated a four-month pilot program that issued liquidity providers a \$20 credit for certain bond trades executed on the NYSE Bonds with an execution size of less than 20 bonds.⁵ This pilot program was extended twice with the most recent expiration date of December 31, 2009.⁶

⁵ See Securities Exchange Act Release No. 56894 (December 7, 2007), 72 FR 70362 (December 11, 2007) (SR-NYSE-2007-107).

⁶ See Securities Exchange Act Release Nos. 57617 (April 4, 2008), 73 FR 19542 (April 10, 2008) (SR-NYSE-2008-25) and 59177 (December 30, 2008), 74 FR 747 (January 7, 2009) (SR-NYSE-2008-136).

The purpose of establishing a \$20 credit program for liquidity providers was to incentivize them to display the best price available on NYSE Bonds. However, during the operation of this pilot, no significant liquidity was generated. This is not the case with the pilot program for liquidity takers. Accordingly, the Exchange proposes that the pilot program for liquidity providers be retired on its expiration date of December 31, 2009 and be removed from the NYSE Price List.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act⁷ in general and Section 6(b)(4) of the Act⁸ 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.

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 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

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁹

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(4).

⁹ 15 U.S.C. 78s(b)(3)(A).

and subparagraph (f)(2) of Rule 19b-4 thereunder.¹⁰ 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-20098-127 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSE-2009-127. 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

¹⁰ 17 CFR 240.19b-4(f)(2).

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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. 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-2009-127 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Florence E. Harmon
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).