

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-63593; File No. SR-NYSE-2010-83)

December 21, 2010

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

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on December 16, 2010, the New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) 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 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 make permanent the pilot program that offers liquidity takers a reduced transaction fee structure for certain bond trades executed on the NYSE Bonds<sup>SM</sup> system (“NYSE Bonds”). The text of the proposed rule change is available at the Exchange’s principal office, [www.nyse.com](http://www.nyse.com), the Commission’s Public Reference Room, and on the Commission’s website at [www.sec.gov](http://www.sec.gov).

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 those statements may be examined at the places

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts 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 make permanent the pilot program that offers liquidity takers a reduced transaction fee structure for certain bond trades executed on the NYSE Bonds<sup>SM</sup> system ("NYSE Bonds"). The pilot program commenced in January 2008<sup>3</sup> and has been extended several times since that time.<sup>4</sup> It is scheduled to expire on December 31, 2010.

The 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. 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; 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 when the liquidity taker purchases or sells twenty six (26) bonds or more, the Exchange charges an execution fee of \$0.10 per bond. The Exchange imposes a \$100 execution fee cap per transaction.

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

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<sup>3</sup> See Securities Exchange Act Release No. 57176 (January 18, 2008), 73 FR 4929 (January 28, 2008) (SR-NYSE-2008-04).

<sup>4</sup> See Securities Exchange Act Release Nos. 57823 (May 15, 2008), 73 FR 29804 (May 22, 2008) (SR-NYSE-2008-38), 59178 (December 30, 2008), 74 FR 748 (January 7, 2009) (SR-NYSE-2008-137), 61201 (December 18, 2009), 74 FR 68651 (December 28, 2009) (SR-NYSE-2009-127), 62455 (July 6, 2010), 75 FR 40004 (July 13, 2010) (SR-NYSE-2010-51).

liquidity taker purchases or sells thirty (30) bonds, the Exchange charges \$.10 per bond or a total of \$3.00 for execution fees.

The bond liquidity taker fee schedule has been in place for nearly two years and the Exchange believe that it is an equitable allocation of fees for users of the NYSE bond platform. As such, the Exchange believes that it is appropriate at this time to adopt the fee schedule on a permanent, rather than a pilot, basis.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6<sup>5</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>6</sup> in general and Section 6(b)(4) of the Act<sup>7</sup> 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 the 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.

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<sup>5</sup> 15 U.S.C. 78f.

<sup>6</sup> 15 U.S.C. 78a.

<sup>7</sup> 15 U.S.C. 78f(b)(4).

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and paragraph (f)(2) of Rule 19b-4 thereunder,<sup>9</sup> because it establishes a due, fee, or other charge imposed by the NYSE.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2010-83 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.

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(2).

All submissions should refer to File Number SR-NYSE-2010-83. 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 website (<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 website viewing and printing 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 the 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-2010-83 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.<sup>10</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).