

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54080; File No. SR-NYSEArca-2006-27)

June 30, 2006

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Rule 10.1 (Disciplinary Jurisdiction)

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 June 8, 2006, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) 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. The Exchange filed the proposed rule change as a “non-controversial” rule change under Rule 19b-4(f)(6) under the Act,³ which rendered 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 is proposing to amend Rule 10.1 (Disciplinary Jurisdiction) in the Rules of the Exchange and NYSE Arca Equities, Inc. to create a mechanism that would allow the Exchange to contract with another self-regulatory organization (“SRO”) for the performance of certain of the Exchange’s regulatory functions. The text of the proposed rule change is available on the Exchange’s Web site, (<http://www.nyse.com>), at the Exchange’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.

³ 17 CFR 240.19b-4(f)(6).

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

The proposed rule change in the Rules of the Exchange and NYSE Arca Equities, Inc. would create a mechanism⁴ that would allow the Exchange to contract with another SRO for the performance of certain of the Exchange's regulatory functions. The purpose of the proposed rule change is to enhance the Exchange's ability to carry out its regulatory obligations under the Act by providing the Exchange the ability to contract with another SRO for regulatory services. Under any agreement for regulatory services with another SRO, the Exchange would remain an SRO registered under Section 6 of the Act⁵ and, therefore, would continue to have statutory authority and responsibility for enforcing compliance by its members, and persons associated with its members, with the Act, the rules thereunder, and the rules of the Exchange.

⁴ The Exchange states that, as a public company, the Board of Directors of the Exchange is currently authorized as part of its duties and responsibilities to delegate authority to enter into these types of agreements. For example, the Exchange states that in March of 2006 it entered into a contract with NYSE Regulation, Inc. to provide certain regulatory services. The Exchange however, recognizes that current industry practice is to have the authority to delegate this responsibility explicitly written in the rules or constitution of an exchange. As such, the Exchange states that it is voluntarily submitting the instant filing to conform to current industry practice.

⁵ 15 U.S.C. 78f.

This change in the Rules of the Exchange and NYSE Arca Equities, Inc. would have immediate applicability with respect to a Regulatory Services Agreement (“RSA”) between the Exchange, the Chicago Board Options Exchange, Incorporated (“CBOE”), and other options markets participating in the proposed Options Regulatory Surveillance Authority national market system plan. The Exchange has determined that, to best discharge certain of its SRO responsibilities, it will contract with CBOE, which is subject to Commission oversight pursuant to Sections 6 and 19 of the Act,⁶ for CBOE to provide certain regulatory services to the Exchange, as set forth in the RSA between the Exchange and CBOE. In performing services under the RSA, CBOE will be operating pursuant to the statutory SRO responsibilities of the Exchange under Sections 6 and 19, as well as performing for itself its own SRO responsibilities. The proposed rule change specifically states that any action taken by another SRO, or its employees or authorized agents, operating on behalf of the Exchange pursuant to a regulatory services agreement with the Exchange (e.g., CBOE under the RSA) will be deemed an action taken by the Exchange. The Exchange will retain ultimate responsibility for performance of its SRO duties under the RSA, and the proposed rule change states that the Exchange will retain ultimate legal responsibility for, and control of, its SRO responsibilities.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act⁷ in general, and furthers the objectives of Sections 6(b)(1),⁸ 6(b)(6),⁹ and 6(b)(7)¹⁰ in that

⁶ 15 U.S.C. 78f and 15 U.S.C. 78s.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(1).

⁹ 15 U.S.C. 78f(b)(6).

¹⁰ 15 U.S.C. 78f(b)(7).

it will enhance the ability of NYSE Arca to enforce compliance by its members and persons associated with its members with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange. Further, the proposed rule change will help ensure that members and persons associated with members are appropriately disciplined for violations of the Act, the rules and regulations thereunder, and the rules of the Exchange. The proposed rule change will allow the Exchange to continue to provide a fair procedure for the disciplining of members and persons associated with members.

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 comments on the proposed rule change.

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

Because the proposed rule change: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹² The Exchange has requested that the Commission waive the 30-day operative delay period for “non-controversial” proposals and make the proposed rule change effective and operative upon filing. The Commission hereby

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

grants the request. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. In this regard, the Commission believes that the proposal should be implemented without delay because of its immediate applicability with respect to the RSA among the Exchange, CBOE and the other participants in the Options Regulatory Surveillance Authority national market system plan.¹³ For this reason, the Commission designates the proposal to be effective and operative upon filing with the Commission.¹⁴

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 the 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-NYSEArca-2006-27 on the subject line.

¹³ The Commission notes that the proposed rule change is based on a similar rule of the Boston Stock Exchange, Inc. See Securities Exchange Act Release No. 53436 (March 7, 2006), 71 FR 13194 (March 14, 2006) (SR-BSE-2006-08).

¹⁴ For the purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

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-NYSEArca-2006-27. 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 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-NYSEArca-2006-27 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.¹⁵

Nancy M. Morris
Secretary

¹⁵ 17 CFR 200.30-3(a)(12).