

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-54869; File No. SR-NYSEArca-2006-70)

December 4, 2006

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Approving a Proposed Rule Change to Extend the Term of Index-Linked Securities

On October 2, 2006, the NYSE Arca, Inc. (“Exchange”), through its wholly-owned subsidiary NYSE Arca Equities, Inc. (“NYSE Arca Equities”), filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend NYSE Arca Equities Rule 5.2(j)(6) to extend the maximum duration of index-linked securities (“Index-Linked Securities”) from ten years to thirty years.<sup>3</sup> The proposed rule change was published for comment in the Federal Register on October 27, 2006.<sup>4</sup> The Commission received no comment letters on the proposal.

NYSE Arca Equities Rule 5.2(j)(6) sets forth criteria that the issue and the issuer must meet in order to list and trade Index-Linked Securities at the Exchange.<sup>5</sup> Currently, one of the criteria the Exchange considers for the listing and trading of Index-Linked Securities, pursuant to NYSE Arca Equities Rule 5.2(j)(6), is that the term of the issue must be a minimum term of one year but not greater than ten years. Proposed NYSE Arca Equities Rule 5.2(j)(6)(b) would extend the duration of the term of the issue from ten years to thirty years..

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

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

<sup>3</sup> NYSE Arca Equities Rule 5.2(j)(6) provides for the listing and trading of Index-Linked Securities pursuant to Rule 19b-4(e) under the Act (the “generic listing standards”).

<sup>4</sup> See Securities Exchange Act Release No. 54636 (October 20, 2006), 71 FR 63060.

<sup>5</sup> The Exchange may submit a proposed rule change pursuant to Section 19(b)(2) of the Act to allow the listing and trading of Index-Linked Securities that do not otherwise meet the generic listing criteria set forth in NYSE Arca Equities Rule 5.2(j)(6).

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>6</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>7</sup> which requires, among other things, that Exchange rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. Amending NYSE Arca Equities Rule 5.2(j)(6) should provide the Exchange with more flexibility in responding to the increased demand from issuers to list and trade Index-Linked Securities that are greater than ten years in duration. The Commission notes that corporate bonds and other fixed-income products historically have been issued with terms of up to, or greater than, thirty years.<sup>8</sup> In addition, the Commission has approved amendments to

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<sup>6</sup> In approving the proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

<sup>8</sup> See also NYSE Arca Equities Rule 5.2(e) setting forth the standards for listing debt securities.

the generic listing standards for equity-linked notes that removed the maximum term limits for those securities.<sup>9</sup>

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>10</sup> that the proposed rule change (SR-NYSEArca-2006-70) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>9</sup> See Securities Exchange Act Release No. 42110 (November 5, 1999), 64 FR 61677 (November 12, 1999) (SR-Amex-99-33); 41992 (October 7, 1999), 64 FR 56007 (October 15, 1999) (SR-NYSE-99-22); 42313 (January 4, 2000), 65 FR 2205 (January 13, 2000) (SR-CHX-99-19).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

<sup>11</sup> 17 CFR 200.30-3(a)(12).