

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-58920; File No. SR-NYSEArca-2008-123)

November 7, 2008

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change as Modified by Amendment No. 1 Thereto Relating to the Listing and Trading of Trust Certificates

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 4, 2008, NYSE Arca, Inc. (“NYSE Arca” or “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 NYSE Arca. On November 6, 2008, the Exchange filed Amendment No. 1 to the proposed rule change. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

NYSE Arca, through its wholly-owned subsidiary NYSE Arca Equities, Inc. (“NYSE Arca Equities” or the “Corporation”), proposes to amend its rules governing NYSE Arca, LLC, which is the equities trading facility of NYSE Arca Equities. NYSE Arca is proposing to adopt new NYSE Arca Equities Rule 5.2(j)(7) to permit listing of Trust Certificates. The Exchange proposes to list 14 issues of Trust Certificates, as described herein, which are currently listed and traded on NYSE Alternext US LLC (NYSE Alternext US (formerly, the American Stock Exchange LLC (“Amex”)). The text of the proposed rule change is available on the Exchange’s

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Web site at www.nyse.com, at the Exchange's principal office, and the Public Reference Room of the Commission.

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 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

NYSE Arca is proposing to adopt new NYSE Arca Equities Rule 5.2(j)(7) to permit listing and trading of Trust Certificates. Pursuant to new NYSE Arca Equities Rule 5.2(j)(7), the Exchange proposes to list 14 issues of Trust Certificates, as described herein, which are currently listed and traded on NYSE Alternext US (formerly, Amex).

Trust Certificates are certificates representing an interest in a special purpose trust ("Trust") created pursuant to a trust agreement. The Trust will only issue Trust Certificates, which may or may not provide for the repayment of the original principal investment amount. The sole purpose of the Trust will be to invest the proceeds from its initial public offering to provide for a return linked to the performance of specified assets and to engage only in activities incidental to these objectives. Trust Certificates pay an amount at maturity based upon the performance of specified assets, including an index or indexes or equity securities, index warrants, or a combination thereof, as set forth in proposed Rule 5.2(j)(7).

Proposed Rule 5.2(j)(7) provides that the Exchange will consider trading, whether by listing or pursuant to unlisted trading privileges, of Trust Certificates based on the following: (i) an underlying index or indexes of equity securities (an “Equity Index Reference Asset”);³ (ii) instruments that are direct obligations of the issuing company, either exercisable throughout their life (*i.e.*, American style) or exercisable only on their expiration date (*i.e.*, European style), entitling the holder to a cash settlement in U.S. dollars to the extent that the foreign or domestic index has declined below (for put warrant) or increased above (for a call warrant) the pre-stated cash settlement value of the index (“Index Warrants”);⁴ or (iii) a combination of two or more Equity Index Reference Assets or Index Warrants.

Commentary .01 provides criteria for continued listing and provides that the Corporation will commence delisting or removal proceedings with respect to an issue of Trust Certificates (unless the Commission has approved the continued trading of such issue): (i) if the aggregate market value or the principal amount of the securities publicly held is less than \$400,000; (ii) if the value of the index or composite value of the indexes is no longer calculated or widely disseminated on at least a 15-second basis with respect to indexes containing only securities listed on a national securities exchange, or on at least a 60-second basis with respect to indexes containing foreign country securities; or (iii) if such other event shall occur or condition exists which in the opinion of the Corporation makes further dealings on the Corporation inadvisable.

Commentary .02 provides that the term of the Trust shall be as stated in the Trust

³ The Exchange notes that the description of Equity Reference Asset is identical to the description of Equity Reference Asset in Rule 5.2(j)(6)(i) for Equity Index-Linked Securities.

⁴ The definition of Index Warrants in proposed Rule 5.2(j)(7) is identical to the definition of “index warrants” in Rule 8.2(e).

prospectus. However, a Trust may be terminated under such earlier circumstances as may be specified in the Trust prospectus. Commentary .03 sets forth requirements applicable to the trustee of a Trust including that the trustee must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. Commentary .04 provides that voting rights shall be as set forth in the applicable Trust prospectus.

Commentary .05 provides that the Exchange will implement written surveillance procedures for Trust Certificates. Trust Certificates will be subject to the Exchange's equity trading rules (Commentary .06). Prior to the commencement of listing and trading of a particular issue of Trust Certificates, the Corporation will evaluate the nature and complexity of the issue and, if appropriate, distribute a circular to ETP Holders providing guidance regarding compliance responsibilities (including suitability recommendations and account approval) when handling transactions in Trust Certificates (Commentary .07).

Trust Certificates may be exchangeable at the option of the holder into securities that participate in the return of the applicable underlying asset. In the event that the Trust Certificates is exchangeable at the option of the holder and contains an Index Warrant, then, the ETP Holder must ensure that the holders account is approved for options trading in accordance with NYSE Arca Rule 9.2 in order to exercise such rights (Commentary .08). Trust Certificates may pass-through periodic payments of interest and principle of the underlying securities (Commentary .09). Trust payments may be guaranteed pursuant to a financial guaranty insurance policy which may include swap agreements (Commentary .10). Commentary .11 provides that Trust Certificates may be subject to early termination or call features.

The Exchange also proposes to amend footnote 4 to the NYSE Arca Equities Schedule of Fees and Charges to include Trust Certificates as “Structured Products” for purposes of such schedule.

Issues of Trust Certificates to be Listed on NYSE Arca

The Exchange proposes to list and trade 14 issues of Trust Certificates, as described below. The Trust Certificates are currently listed and traded on NYSE Alternext US LLC (NYSE Alternext US (formerly, the American Stock Exchange LLC (“Amex”))). The proposed rule change is intended to provide rules to permit the listing and trading on the Exchange of the Trust Certificates described below in a timely manner at the same time that all equities trading is relocated from the Amex legacy trading systems and facilities located at 86 Trinity Place, New York, New York, to New York Stock Exchange trading facilities and systems located at 11 Wall Street, New York, New York. The Exchange does not currently list Trust Certificates and this proposed rule change is intended only to accommodate listing of the 14 issues of Trust Certificates currently listed on NYSE Alternext US on the Exchange.⁵ Prior to listing on the Exchange, the Trust Certificates would be required to satisfy the applicable delisting procedures of NYSE Alternext US and applicable statutory and regulatory requirements, including, without limitation, Section 12 of the Securities Exchange Act of 1934 (“Exchange Act”),⁶ relating to listing the Trust Certificates on the Exchange.⁷

⁵ The Exchange will not list an additional issue of Trust Certificates unless the Exchange has previously filed with the Commission a proposed rule change pursuant to Rule 19b-4 under the Act to permit such listing.

⁶ 15 U.S.C. 78(l).

⁷ The Exchange will seek the voluntary consent of the issuer of the Trust Certificates to be delisted from NYSE Alternext US and listed on the Exchange. The Exchange notes that its approval of the Trust Certificates’ listing applications would be required prior to listing.

Descriptions of the Trust Certificates are included in their respective Registration Statements, as noted below. The Exchange represents that the Trust Certificates satisfy the requirements of proposed Rule 5.2(j)(7) and thereby qualify for listing on the Exchange.

Safety First Trust Series 2007-1 (symbol: AZP). According to the prospectus for the Principal-Protected Trust Certificates Linked to the U.S.-Europe-Japan Basket, the certificates are preferred securities of Safety First Trust Series 2007-1 and will mature on November 22, 2010. Investors will receive at maturity for each certificate held an amount in cash equal to \$10 plus a supplemental distribution amount, which may be positive or zero. The supplemental distribution amount will be based on the percentage change of the value of the U.S.-Europe-Japan Basket comprised of the S&P 500[®] Index, the Dow Jones EUROSTOXX 50 Index[®] and the Nikkei 225 Stock Average[®], each initially equally weighted, during the term of the certificates. The supplemental distribution amount for each certificate will equal the product of (a) \$10 and (b) the percentage change in the value of the U.S.-Europe-Japan Basket, provided that the supplemental distribution amount will not be less than zero.⁸

The assets of the trust will consist of equity index participation securities and equity index warrants Citigroup Funding Inc. The equity index participation securities will mature on November 22, 2010. At maturity, each security will pay an amount equal to \$10 plus a security return amount, which could be positive, zero or negative. The security return amount for each security will equal the product of (a) \$10 and (b) the percentage change in the value of the U.S.-Europe-Japan Basket.

⁸ Terms relating to each issue of Trust Certificates described in this filing that are referred to, but not defined, herein are defined in the applicable Registration Statement.

The equity index warrants will be automatically exercised on November 22, 2010. If the value of the U.S.-Europe-Japan Basket increases or does not change, the warrants will pay zero. If the value of the U.S.-Europe-Japan Basket decreases, the warrants will pay a positive amount equal to the product of (a) \$10 and (b) the percentage decrease in the value of the U.S.-Europe-Japan Basket.

Investors will have the right to exchange, at any time ending on the date that is one business day prior to the valuation date, each \$10 principal amount of certificates the investor then holds for one equity index participation security with a \$10 face amount and one equity index warrant with a \$10 notional amount. The securities and warrants will be separate transferable by the investor after exercise of the exchange right. In order to exercise the exchange right, the investor's brokerage account must be approved for options trading. An investor who exercises the exchange right and holds only the securities or warrants will lose the benefit of principal protection at maturity.⁹

Safety First Investments TIERS® Principal-Protected Minimum Return Trust Certificates, Series Nasdaq 2003-13 (symbol: NAS). According to the prospectus for the certificates, the certificates are securities of TIERS® Principal-Protected Minimum Return Asset Backed Certificates Trust, Series Nasdaq 2003-13 and will mature on January 30, 2009. Investors will receive at maturity for each certificate held principal amount (\$10 per certificate) plus an interest distribution amount. The interest distribution amount will be based on the return of the Nasdaq-100 Index, subject to a monthly appreciation cap of 5.5%. However, the interest distribution

⁹ See prospectus for Safety First Trust Series 2007-1, dated February 22, 2007 (Registration No. 333-135867/135867-09/135867-11).

amount will be at least \$0.70 per certificate at maturity regardless of the performance of the Nasdaq-100 Index.

The assets of the trust primarily consist of a specified aggregate principal amount of asset backed securities issued by various issuers (“term assets”), the swap agreement described below, and rights under the insurance policy described below. The certificates do not provide for early redemption by the investor.

On the closing date, the trustee and Citigroup Global Market Holdings, Inc., the swap counterparty, entered into a swap agreement. The swap agreement is a contract which provides that the swap counterparty will pay the trustee an amount equal to the distribution scheduled to be made on the certificates on the final scheduled distribution date. The obligations of the swap counterparty under the swap agreement on a swap termination date or upon the occurrence of a term assets credit event will be insured pursuant to the terms of a financial guaranty insurance policy issued by Ambac Assurance Corporation.

The index return used to determine the interest distribution amount payable to the investor on the final scheduled distribution date is based on the return of the Nasdaq-100 Index subject to the monthly appreciation cap. The Index return will be calculated by compounding the periodic capped returns, as determined over the term of the certificates. The interest distribution amount payable to the investor on the final scheduled distribution date will equal the product of the principal amount of each certificate and the compounded index return over the term of the certificate (but will not be less than \$0.70 per certificate).¹⁰

¹⁰ See prospectus for Safety First Investments TIERS® Principal-Protected Minimum Return Trust Certificates, Series Nasdaq 2003-13, dated July 28, 2003 (Registration No. 333-57357).

Safety First Trust Series 2008-1 (symbol: ATA). According to the prospectus for the Principal-Protected Trust Certificates, Linked to the U.S.-Europe-Japan Basket, the certificates are preferred securities of Safety First Trust Series 2008-1 and will mature on March 6, 2014. Investors will receive at maturity for each certificate an amount in cash equal to \$10 plus a supplemental distribution amount, which may be positive or zero. The supplemental distribution amount will be based on the percentage change of the value of the U.S.-Europe-Japan Basket comprised of the S&P 500® Index, the Dow Jones EUROSTOXX 50 Index® and the Nikkei 225 Stock Average®, each initially equally weighted, during the term of the certificates. The supplemental distribution amount for each certificate will equal the product of (a) \$10, and (b) the percentage change in the value of the U.S.-Europe-Japan Basket and (c) the participation rate, which is equal to 92.5% of the basket return, provided that the supplemental distribution amount will not be less than zero.

The assets of the trust consist of equity index participation securities and equity index warrants of Citigroup Funding Inc. The equity index participation securities will mature on March 6, 2014. At maturity, each security will pay an amount equal to \$10 plus a security return amount, which could be positive, zero or negative. If the value of the U.S.-Europe-Japan Basket on the third index business day before maturity (the ‘valuation date’) is greater than the value on the date on which the certificates were priced for initial sale to the public (the ‘pricing date’), the security return amount for each security will equal the product of (a) \$10, (b) the percentage increase in the value of U.S.-Europe-Japan Basket and (c) the participation rate, which is equal to 92.5% of the basket return. If the closing value of the U.S.-Europe-Japan Basket date (the ‘ending value’) is less than or equal to the value on the pricing date (the ‘starting value’), the security return amount for each security will equal the product of (a) \$10 and (b) the percentage

decrease in the U.S.-Europe-Japan Basket. The equity index warrants will be automatically exercised on March 6, 2014. If the ending value of the U.S.-Europe-Japan Basket is greater than or equal to the starting value, the warrants will pay zero. If the ending value of the U.S.-Europe-Japan Basket is less than the starting value, the warrants will pay a positive amount equal to the product of (a) \$10 and (b) the percentage decrease in the value of the U.S.-Europe-Japan Basket.

Investors will have the right to exchange, at any time beginning on the date on which the certificates are issued and ending on the date that is one business day prior to the valuation date, each \$10 principal amount of certificates the investor then holds for one equity index participation security with a \$10 face amount and one equity index warrant with a \$10 notional amount. The securities and warrants will be separately transferable by the investor after the exercise of the investor's exchange right. In order to exercise such exchange right, the investor's brokerage account must be approved for options trading. An investor who exercises the exchange right and holds only the securities or warrants will lose the benefit of principal protection at maturity.¹¹

Safety First Trust Series 2007-2 (symbol: AFO). According to the prospectus for the Principal-Protected Trust Certificates Linked to the Nikkei 225 Stock Average, the certificates are preferred securities of Safety First Trust Series 2007-2 and will mature on March 23, 2011. Investors will receive at maturity for each certificate an amount in cash equal to \$10 plus a supplemental distribution amount, which may be positive or zero. The supplemental distribution amount will be based on the percentage change of the Nikkei 225 Stock Average[®] during the term of the certificates. The supplemental distribution amount for each certificate will equal the

¹¹ See prospectus for Safety First Trust Series 2008-1, dated February 25, 2008 (Registration Nos. 333-135867/135867-05/135867-11).

product of (a) \$10 and (b) the percentage change in the Nikkei 225 Stock Average, provided that the supplemental distribution amount will not be less than zero.

The assets of the trust consist of equity index participation securities and equity index warrants of Citigroup Funding Inc. The equity index participation securities will mature on March 23, 2011. At maturity, each security will pay an amount equal to \$10 plus a security return amount, which could be positive, zero or negative. The security return amount for each security will equal the product of (a) \$10 and (b) the percentage change in the value of the Nikkei 225 Stock Average. The equity index warrants will be automatically exercised on March 23, 2011. If the Nikkei 225 Stock Average increases or does not change, the warrants will pay zero. If the Nikkei 225 Stock Average decreases, the warrants will pay a positive amount equal to the product of (a) \$10 and (b) the percentage decrease in the value of the Nikkei 225 Stock Average.

Investors have the right to exchange, at any time ending on the date that is one business day prior to the valuation date, each \$10 principal amount of certificates the investor then holds for one equity index participation security with a \$10 face amount and one equity index warrant with a \$10 notional amount. The securities and warrants will be separately transferable by the investor after the exercise of the investor's exchange right. In order to exercise such exchange right, the investor's brokerage account must be approved for options trading. An investor who exercised the exchange right and holds only the securities or warrants will lose the benefit of principal protection at maturity.¹²

¹² See prospectus for Safety First Trust Series 2007-2, dated April 24, 2007 (Registration Nos. 333-135867/135867-08/135867-11).

Safety First Investments TIERS[®] Principal-Protected Minimum Return Trust Certificates, Series S&P 2003-33 (symbol: SYP). According to the prospectus for the certificates, the certificates are securities of TIERS[®] Principal-Protected Minimum Return Asset Backed Certificates Trust, Series S&P 2003-33 and will mature on January 7, 2009. Investors will receive at maturity for each certificate held the principal amount (\$10 per certificate) plus an interest distribution amount. The interest distribution amount will be based on the return of the S&P 500 Index, subject to a monthly appreciation cap of 4.5%. However, the interest distribution amount will be at least \$0.90 per certificate at maturity regardless of the performance of the S&P 500 Index.

The assets of the trust primarily consist of a specified aggregate principal amount of asset backed securities of various issuers (“term assets”), the swap agreement described below, and rights under the insurance policy described below. The certificates do not provide for early redemption by the investor.

On the closing date, the trustee and Citigroup Global Market Holdings, Inc., the swap counterparty, entered into a swap agreement. The swap agreement is a contract which provides that the swap counterparty will pay the trustee an amount equal to the distribution scheduled to be made on the certificates on the final scheduled distribution date. The obligations of the swap counterparty under the swap agreement on a swap termination date or upon the occurrence of a term assets credit event will be insured pursuant to the terms of a financial guaranty policy issued by Ambac Assurance Corporation.

The index return will be calculated by compounding the periodic capped returns, as determined over the term of the certificates. The index return used to determine the interest distribution amount payable to the investor on the final scheduled distribution date will equal the

product of the principal amount of each certificate and the compounded index return over the term of the certificate (but will not be less than \$0.90 per certificate).¹³

Safety First Investments TIERS® Principal-Protected Minimum Return Trust Certificates, Series S&P 2003-23 (symbol: SPO). According to the prospectus for the certificates, the certificates are securities of TIERS® Principal-Protected Minimum Return Asset Backed Certificates Trust Series S&P 2003-23 and will mature on January 6, 2009. Investors will receive at maturity for each certificate held a principal amount (\$10 per certificate) plus an interest distribution amount (which will equal at least \$0.90 per certificate), regardless of the performance of the S&P 500® Index. The interest distribution amount will be based on the return of the S&P 500® Index, subject to a monthly appreciation cap of 4.5%. However, the interest distribution amount will be at least \$0.90 per certificate at maturity.

The assets of the trust primarily consist of a specified aggregate principal amount of asset backed securities of various issuers, which, as of the closing date, will be rated in the highest rating category of at least one nationally recognized rating agency, and rights under a swap agreement and a financial guaranty insurance policy issued by Ambac Assurance Corporation. The certificates do not provide for early redemption by the investor.

On the closing date, the trustee and Citigroup Global Market Holdings Inc., the swap counterparty, entered into a swap agreement. The swap agreement is a contract which provides that the swap counterparty will pay the trustee an amount equal to the distribution scheduled to be made on the certificates on the final scheduled distribution date. The obligations of the swap

¹³ See prospectus for Safety First Investments TIERS® Principal-Protected Minimum Return Trust Certificates, Series S&P 2003-33, dated July 28, 2003 (Registration No. 333-89080).

counterparty under the swap agreement on a swap termination date or upon the occurrence of a term assets credit event will be insured under the financial guaranty policy.

The index return used to determine the interest distribution amount, if any, payable to the investor on the final scheduled distribution date is based on the return of the S&P 500[®] Index subject to a monthly appreciation cap. The interest distribution amount is capped and, therefore, even if the value of the S&P 500[®] Index has increased at one or more times during the term of the certificates or if the value of the S&P 500[®] Index as of the final scheduled distribution date is greater than the value of the S&P 500[®] Index on the date the certificates are priced, investors will not receive more than the capped amount.¹⁴

Safety First Investments TIERS[®] Principal-Protected Minimum Return Trust Certificates, Series Nasdaq 2003-12 (symbol: SFH). According to the prospectus for the certificates, the certificates are securities of TIERS[®] Principal-Protected Minimum Return Asset Backed Certificates, Trust Series Nasdaq 2003-12 and will mature on January 5, 2009. Investors will receive at maturity for each certificate held a principal amount (\$10 per certificate) plus an interest distribution amount (which will equal at least \$0.70 per certificate), regardless of the performance of the Nasdaq-100 Index. The interest distribution amount will be based on the return of the Nasdaq-100 Index, subject to a monthly appreciation cap of 5.5%. However, the interest distribution amount will be at least \$0.70 per certificate at maturity.

The assets of the trust primarily consist of a specified aggregate principal amount of asset backed securities of various issuers, which, as of the closing date, will be rated in the highest

¹⁴ See prospectus for Safety First Investments TIERS[®] Principal-Protected Minimum Return Trust Certificates, Series S&P 2003-23, dated July 28, 2003 (Registration No. 333-57357-03).

rating category of at least one nationally recognized rating agency, and rights under a swap agreement and a financial guaranty insurance policy issued by Ambac Assurance Corporation. The certificates do not provide for early redemption by the investor.

On the closing date, the trustee and Citigroup Global Markets Holdings Inc., the swap counterparty, entered into a swap agreement. The swap agreement is a contract which provides that the swap counterparty will pay the trustee an amount equal to the distribution scheduled to be made on the certificates on the final scheduled distribution date. The obligations of the swap counterparty under the swap agreement on a swap termination date or upon the occurrence of a term assets credit event will be insured under the financial guaranty insurance policy.

The index return used to determine the interest distribution amount, if any, payable to the investor on the final scheduled distribution date is based on the return of the Nasdaq-100 Index subject to a monthly appreciation cap. The interest distribution amount is capped and, therefore, even if the value of the Nasdaq-100 Index has increased at one or more times during the term of the certificates or if the value of the Nasdaq-100 Index as of the final scheduled distribution date is greater than the value of the Nasdaq-100 Index on the date the certificates are priced, investors will not receive more than the capped amount.¹⁵

Safety First Investments TIERS® Principal-Protected Minimum Return Trust Certificates, Series Russell 2004-1 (symbol: RUD). According to the prospectus for the certificates, the certificates are securities of the TIERS® Principal-Protected Minimum Return Asset Backed Certificates Trust Series Russell 2004-1, and will mature on April 29, 2009. Investors will

¹⁵ See prospectus for Safety First Investments TIERS® Principal-Protected Minimum Return Trust Certificates, Series Nasdaq 2003-12, dated May 19, 2003 (Registration No. 333-57357).

receive at maturity for each certificate held a principal amount (\$10 per certificate) plus an interest distribution amount (which will equal at least \$0.70 per certificate) regardless of the performance of the Russell 2000 Index. The interest distribution amount will be based on the return of the Russell 2000 Index subject to a monthly appreciation cap of 3.5%. However, the interest distribution amount will be at least \$0.70 per certificate at maturity regardless of the performance of the Russell 2000 Index.

The assets of the trust primarily consist of a specified aggregate principal amount of asset backed securities issued by various issuers (“term assets”), the swap agreement described below, and rights under the insurance policy described below. The certificates do not provide for early redemption by the investor.

On the closing date, the trustee and Citigroup Global Market Holdings, Inc., the swap counterparty, entered into a swap agreement. The swap agreement is a contract which provides that the swap counterparty will pay the trustee an amount equal to the distribution scheduled to be made on the certificates on the final scheduled distribution date. The obligations of the swap counterparty under the swap agreement on a swap termination date or upon the occurrence of a term assets credit event will be insured pursuant to the terms of a financial guaranty insurance policy issued by Ambac Assurance Corporation.

The index return used to determine the interest distribution amount, if any, payable to the investor on the final scheduled distribution date is based on the return of the Russell 2000 Index subject to a monthly appreciation cap. The interest distribution amount is capped and, therefore, even if the value of the Russell 2000 Index has increased at one or more times during the term of the certificates or if the value of the Russell 2000 Index as of the final scheduled distribution

date is greater than the value of the Russell 2000 Index on the date the certificates are priced, investors will not receive more than the capped amount.¹⁶

Safety First Trust Series 2008-2 (symbol: AMM). According to the prospectus for the Principal-Protected Trust Certificates Linked to the S&P 500[®] Index, the certificates are preferred securities of Safety First Trust Series 2008-2 and will mature on July 11, 2013. Investors will receive at maturity for each certificate held an amount in cash equal to \$10 plus a supplemental distribution amount, which may be positive or zero, but in no circumstance more than \$7 dollars. The supplemental distribution amount will be based on the percentage change of the value of the S&P 500[®] Index, during the term of the certificates. The supplemental distribution amount for each certificate will equal the product of (a) \$10 and (b) the percentage increase in the value of the S&P 500[®] Index, provided that the supplemental distribution amount will be limited to 70%.

The assets of the trust will consist of Citigroup Funding Inc.'s equity index participation securities and equity index warrants. The equity index participation securities will mature on July 11, 2013. At maturity, each security will pay an amount equal to \$10 plus a security return amount, which could be positive, zero or negative. The security return amount for each security will equal the product of (a) \$10 and (b) the percentage decrease in the value of the S&P 500[®] Index.

The equity index warrants will be automatically exercised on July 11, 2013. If the value of the S&P 500[®] Index increases or does not change, the warrants will pay zero. If the value of

¹⁶ See prospectus for Safety First Investments TIERS[®] Principal-Protected Minimum Return Trust Certificates, Series Russell 2004-1, dated July 28, 2003 (Registration 333-89080).

the S&P 500® Index decreases, the warrants will pay a positive amount equal to the product of (a) \$10 and (b) the percentage decrease in the value of the S&P 500® Index.

Investors will have the right to exchange, at any time ending on the date that is one business day prior to the valuation date, each \$10 principal amount of certificates the investor then holds for one equity index participation security with a \$10 face amount and one equity index warrant with a \$10 notional amount. The securities and warrants will be separately transferable by the investor after exercise of the exchange right. In order to exercise the exchange right, the investor's account must be approved for options trading.¹⁷

Safety First Trust Series 2008-3 (symbol: AHB). According to the prospectus for the Principal-Protected Trust Certificates Linked to the Global Basket, the certificates are preferred securities of Safety First Trust Series 2008-3 and will mature on September 12, 2013. Investors will receive at maturity for each certificate held an amount in cash equal to \$10 plus a supplemental distribution amount, which may be positive or zero. The supplemental distribution amount will be based on the percentage change of the value of the Global Index Basket comprised of the S&P 500® Index, the Dow Jones EUROSTOXX 50® Index and the S&P BRIC 40® Index, each initially equally weighted one-third each, during the term of the certificates. The supplemental distribution amount for each certificate will equal the product of (a) \$10 and (b) the percentage change in the value of the Global Index Basket and (c) the participation rate which is 85%, provided that the supplemental distribution amount will not be less than zero.

The assets of the trust will consist of equity index participation securities and equity index warrants of Citigroup Funding Inc. The equity index participation securities will mature

¹⁷ See prospectus for Safety First Trust Series 2008-2, dated June 24, 2008 (Registration Nos. 333-135867/135867-04/135867-11).

on September 12, 2013. At maturity, each security will pay an amount equal to \$10 plus a security return amount, which could be positive, zero or negative. If the value of the Global Index Basket on the valuation date is greater than the value on the pricing date, the security return amount for each security will equal the product of (a) \$10, (b) the percentage increase in the Global Index Basket and (c) the participation rate, which is 85%. If the value of the Global Index Basket on the valuation date is less than or equal to the value on the pricing date, the security return amount for each security will equal the product of (a) \$10 and (b) the percentage decrease in the Global Index Basket.

The equity index warrants will be automatically exercised on September 12, 2013. If the value of the Global Index Basket increases or does not change, the warrants will pay zero. If the value of the Global Index Basket decreases, the warrants will pay a positive amount equal to the product of (a) \$10 and (b) the percentage decrease in the value of the Global Index Basket.

Investors will have the right to exchange, at any time ending on the date that is one business day prior to the valuation date, each \$10 principal amount of certificates the investor then holds for one equity index participation security with a \$10 face amount and one equity index warrant with a \$10 notional amount. The securities and warrants will be separately transferable by the investor after exercise of the exchange right. In order to exercise the exchange right, the investor's account must be approved for options trading.¹⁸

Safety First Trust Series 2008-4 (symbol: AHY). According to the prospectus for the Principal-Protected Trust Certificates Linked to the S&P 500® Index, the certificates are preferred securities of Safety First Trust Series 2008-4 and will mature on October 10, 2013.

¹⁸ See prospectus for Safety First Trust Series 2008-3, dated August 25, 2008 (Registration Nos. 333-135867/135867-03/135867-11)

Investors will receive at maturity for each certificate held an amount in cash equal to \$10 plus a supplemental distribution amount, which may be positive or zero. The supplemental distribution amount will be based on the percentage change of the value of the S&P 500[®] Index during the term of the certificates. The supplemental distribution amount for each certificate will equal the product of (a) \$10, (b) the percentage change in the value of the S&P 500[®] Index and (c) the participation rate, which is 90%, provided that the supplemental distribution amount will not be less than zero.

The assets of the trust will consist of equity index participation securities and equity index warrants of Citigroup Funding Inc. The equity index participation securities will mature on October 10, 2013. At maturity, each security will pay an amount equal to \$10 plus a security return amount, which could be positive, zero or negative. If the value of the S&P 500[®] Index on the valuation date is greater than its value on the pricing date, the security return amount for each security will equal the product of (a) \$10, (b) the percentage increase in the S&P 500[®] Index and (c) the participation rate, which equals 90%. If the value of the S&P 500[®] Index on the valuation date is less than or equal to its value on the pricing date, the security return amount for each security will equal the product of (a) \$10 and (b) the percentage decrease in the S&P 500[®] Index. If the value of the S&P 500[®] Index on the valuation date is less than its value on the pricing date, investors will participate fully in the depreciation of the S&P 500[®] Index.

The equity index warrants will be automatically exercised on October 10, 2013. If the value of the S&P 500[®] Index increases or does not change, the warrants will pay zero. If the value of the S&P 500[®] Index decreases, the warrants will pay a positive amount equal to the product of (a) \$10 and (b) the percentage decrease in the value of the S&P 500[®] Index.

Investors will have the right to exchange, at any time ending on the date that is one business day prior to the valuation date, each \$10 principal amount of certificates the investor then holds for one equity index participation security with a \$10 face amount and one equity index warrant with a \$10 notional amount. The securities and warrants will be separately transferable by the investor after exercise of the exchange right. In order to exercise the exchange right, the investor's account must be approved for options trading.¹⁹

Safety First Trust Series 2007-3 (symbol: AKE). According to the prospectus for the Principal-Protected Trust Certificates Linked to the Global Index Basket, the certificates are preferred securities of Safety First Trust Series 2007-3 and will mature on July 11, 2012. Investors will receive at maturity for each certificate held an amount in cash equal to \$10 plus a supplemental distribution amount, which may be positive or zero. The supplemental distribution amount will be based on the percentage change of the value of the Global Index Basket comprised of the Dow Jones Industrial Average, the Dow Jones EUROSTOXX 50 Index[®], the Nikkei 225 Stock Average[®] and the S&P BRIC[®] Index during the term of the certificates. The Dow Jones Industrial Average and the Dow Jones EUROSTOXX 50 Index[®], each initially will comprise 30% of the value of the Global Index Basket, the Nikkei 225 Stock Average[®] and the S&P BRIC[®] Index will compose 20% of the value of the Global Index Basket. The supplemental distribution amount for each certificate will equal the product of (a) \$10 and (b) the weighted percentage increase in the value of the Global Index Basket.

The assets of the trust will consist of equity index participation securities and equity index warrants of Citigroup Funding Inc. The equity index participation securities will mature

¹⁹ See prospectus for Safety First Trust Series 2008-4, dated September 24, 2008 (Registration Nos. 333-135867/135867-02/135867-11).

on July 11, 2012. At maturity, each security will pay an amount equal to \$10 plus a security return amount, which could be positive, zero or negative. The security return amount for each security will equal the product of (a) \$10 and (b) the percentage change in the value of the Global Basket Index.

The equity index warrants will be automatically exercised on July 11, 2012. If the value of the Global Basket Index increases or does not change, the warrants will pay zero. If the value of the Global Basket Index decreases, the warrants will pay a positive amount equal to the product of (a) \$10 and (b) the weighted average percentage decrease in the value of the Global Basket Index.

Investors will have the right to exchange, at any time ending on the date that is one business day prior to the valuation date, each \$10 principal amount of certificates the investor then holds for one equity index participation security with a \$10 face amount and one equity index warrant with a \$10 notional amount. The securities and warrants will be separately transferable by the investor after exercise of the exchange right. In order to exercise the exchange right, the investor's account must be approved for options trading.²⁰

Safety First Trust Series 2007-4 (symbol: AKN). According to the prospectus for the Principal-Protected Trust Certificates Linked to the U.S.-Europe-Japan Basket, the certificates are preferred securities of Safety First Trust Series 2007-4 and will mature on May 23, 2013. Investors will receive at maturity for each certificate held an amount in cash equal to \$10 plus a supplemental distribution amount, which may be positive or zero. The supplemental distribution amount will be based on the percentage change of the value of the U.S.-Europe-Japan Basket

²⁰ See prospectus for Safety First Trust Series 2007-3, dated June 28, 2007 (Registration Nos. 333- 135867/135867-07/135867-11).

comprised of the S&P 500® Index, the Dow Jones EUROSTOXX 50 Index® and the Nikkei 225 Stock Average®, each initially equally weighted one-third each, during the term of the certificates. The supplemental distribution amount for each certificate will equal the product of (a) \$10 and (b) the weighted percentage increase in the value of the U.S.-Europe-Japan Basket provided the supplemental distribution amount is not less than zero.

The assets of the trust will consist of equity index participation securities and equity index warrants of Citigroup Funding Inc. The equity index participation securities will mature on May 23, 2013. At maturity, each security will pay an amount equal to \$10 plus a security return amount, which could be positive, zero or negative. The security return amount for each security will equal the product of (a) \$10 and (b) the percentage change in the value of the U.S.-Europe-Japan Basket.

The equity index warrants will be automatically exercised on May 23, 2013. If the value of the U.S.-Europe-Japan Basket increases or does not change, the warrants will pay zero. If the value of the U.S.-Europe-Japan Basket decreases, the warrants will pay a positive amount equal to the product of (a) \$10 and (b) the weighted average percentage decrease in the value of the U.S.-Europe-Japan Basket.

Investors will have the right to exchange, at any time ending on the date that is one business day prior to the valuation date, each \$10 principal amount of certificates the investor then holds for one equity index participation security with a \$10 face amount and one equity index warrant with a \$10 notional amount. The securities and warrants will be separately

transferable by the investor after exercise of the exchange right. In order to exercise the exchange right, the investor's account must be approved for options trading.²¹

Safety First Trust Series 2006-1 (symbol: AGB). According to the prospectus for the Principal-Protected Trust Certificates Linked to the Dow Jones Industrial Average and the Nikkei 225 Stock Average[®], the certificates are preferred securities of Safety First Trust Series 2006-1 and will mature on May 26, 2010. Investors will receive at maturity for each certificate held an amount in cash equal to \$10 plus a supplemental distribution amount, which may be positive or zero. The supplemental distribution amount will be based on the percentage change of the value of a underlying basket comprised of the Dow Jones Industrial Average and the Nikkei 225 Stock Average[®], each initially equally weighted during the term of the certificates. The supplemental distribution amount for each certificate will equal the product of (a) \$10 and (b) the percentage increase in the value of the underlying basket provided the supplemental distribution amount is not less than zero.

The assets of the trust will consist of equity index participation securities and equity index warrants of Citigroup Funding Inc. The equity index participation securities will mature on May 26, 2010. At maturity, each security will pay an amount equal to \$10 plus a security return amount, which could be positive, zero or negative. The security return amount for each security will equal the product of (a) \$10 and (b) the percentage change in the value of the underlying basket.

The equity index warrants will be automatically exercised on May 26, 2010. If the value of the underlying basket increases or does not change, the warrants will pay zero. If the value of

²¹ See prospectus for Safety First Trust Series 2007-4, dated November 21, 2007 (Registration Nos. 333-135867/135867-06/135867-11).

the underlying basket decreases, the warrants will pay a positive amount equal to the product of (a) \$10 and (b) the weighted average percentage decrease in the value of the underlying basket.

Investors will have the right to exchange, at any time ending on the date that is one business day prior to the valuation date, each \$10 principal amount of certificates the investor then holds for one equity index participation security with a \$10 face amount and one equity index warrant with a \$10 notional amount. The securities and warrants will be separately transferable by the investor after exercise of the exchange right. In order to exercise the exchange right, the investor's account must be approved for options trading.²²

Exchange Rules Applicable to Trust Certificates

The Trust Certificates will be subject to all Exchange rules governing the trading of equity securities. The Exchange's equity margin rules will apply to transactions in Trust Certificates. Trust Certificates will trade during trading hours set forth in Rule 7.34(a).²³

The Exchange notes that none of the indexes related to the 14 issues of Trust Certificates described above is maintained by a broker-dealer. The Exchange notes further that, with respect to such indexes, any advisory committee, supervisory board or similar entity that advises an index licensor or administrator or that makes decisions regarding the index composition,

²² See prospectus for Safety First Trust Series 2006-1, dated November 24, 2006 (Registration No. 333-135867/135867-10/135867-11).

²³ Pursuant to NYSE Arca Rule 7.34(a), the NYSE Arca Marketplace will have three trading sessions each day the Corporation is open for business unless otherwise determined by the Corporation:

Opening Session - begins at 1:00:00 am (Pacific Time) and concludes at the commencement of the Core Trading Session. The Opening Auction and the Market Order Auction shall occur during the Opening Session. Core Trading Session - begins for each security at 6:30:00 am (Pacific Time) or at the conclusion of the Market Order Auction, whichever comes later, and concludes at 1:00:00 pm (Pacific Time).

Late Trading Session - begins following the conclusion of the Core Trading Session and concludes at 5:00:00 pm (Pacific Time).

methodology and related matters must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material, non-public information regarding the applicable index.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in Trust Certificates. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in Trust Certificates inadvisable. These may include: (1) the extent to which trading is not occurring in the underlying securities; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.²⁴

Information Dissemination

The value of the applicable index relating to an issue of Trust Certificates, or, for Trust Certificates based on multiple indexes, the composite value of the indexes, will be calculated and disseminated on at least a 15-second basis with respect to indexes containing only securities listed on a national securities exchange, or on at least a 60-second basis with respect to indexes containing foreign country securities.²⁵ If the index or composite value applicable to an issue of Trust Certificates is not being disseminated as required, the Exchange may halt trading during the day on which the interruption first occurs. If such interruption persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption.

²⁴ See NYSE Arca Equities Rule 7.12, Commentary .04.

²⁵ For issues of Trust Certificates based on multiple indexes, the Exchange will cause to be calculated and disseminated a composite value for such indexes.

Quotation and last-sale information will be disseminated by the Exchange via the Consolidated Tape. In addition, the Exchange will disseminate the composite value of the indexes, as applicable, via the Consolidated Tape. The values of the indexes noted above relating to the Trust Certificates to be listed on the Exchange are widely disseminated by major market data vendors and financial publications.

Surveillance

The Exchange intends to utilize its existing surveillance procedures applicable to derivative products, which will include Trust Certificates, to monitor trading in the securities. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the securities in all trading sessions and to deter and detect violations of Exchange rules.

The Exchange's current trading surveillance focuses on detecting when securities trade outside their normal patterns. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

The Exchange may obtain information via ISG from other exchanges who are members of the ISG.²⁶

²⁶ For a list of current members of the ISG, see www.isgportal.org. The Exchange notes that some of the index components on which the Trust Certificates are valued may trade on markets that are not ISG members. The Exchange notes further that, as of October 30, 2008, with the exceptions noted below, for all issues of Trust Certificates described above, no more than 20% of the dollar weight in the aggregate of the index or composite indexes, as applicable, consists of component securities having their primary trading market outside the United States on foreign trading markets that are not members of ISG or parties to comprehensive surveillance sharing agreements with the Exchange. As of October 30, 2008, for AZP, ATA, AHB and AKN, 20.56% of the applicable composite index weights consisted of non-U.S. securities having a primary trading market that is not

In addition, the Exchange also has a generally policy prohibiting the distribution of material, non-public information by its employees.

Information Bulletin

Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading an issue of Trust Certificates and suitability recommendation requirements.

Specifically, the Information Bulletin will discuss the following: (1) the procedures for purchases and redemptions of Trust Certificates; (2) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading an issue of Trust Certificates; and (3) trading information.

In addition, the Information Bulletin will reference that an issue of Trust Certificates is subject to various fees and expenses described in the applicable prospectus.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)²⁷ of the Act in general and furthers the objectives of Section 6(b)(5)²⁸ in particular in that it is 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 regulating, clearing, settling, processing information with respect to, and facilitating transaction in securities, and, in general to protect investors and the public interest. The Exchange believes that the proposal will

an ISG member or is not a party to a comprehensive surveillance sharing agreement with the Exchange.

²⁷ 15 U.S.C. 78f(b).

²⁸ 15 U.S.C. 78f(b)(5).

facilitate the listing and trading of additional types of commodity and currency-based investments that will enhance competition among market participants, to the benefit of investors and the marketplace.

In addition, the proposed rule change is consistent with Rule 12f-5²⁹ under the Exchange Act because it deems the Shares to be equity securities, thus rendering the Shares subject to the Exchange's rules governing the trading of equity securities.

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.

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- A. by order approve the proposed rule change; or
- B. institute proceedings to determine whether the proposed rule change should be disapproved.

²⁹ 17 CFR 240.12f-5.

The Exchange has requested accelerated approval of this proposed rule change prior to the 30th day after the date of publication of the notice of the filing thereof. The Commission has determined that a 15-day comment period is appropriate in this case.

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-2008-123 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-NYSEArca-2008-123. 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, 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-NYSEArca-2008-123 and should be submitted on or before [insert date 15 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁰

Florence E. Harmon
Acting Secretary

³⁰ 17 CFR 200.30-3(a)(12).